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Remittance: A New Instrument for Change -- Understanding the Impact of Remittances on Home Countries Development

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REMITTANCE: A NEW INSTRUMENT FOR CHANGE -- UNDERSTANDING THE IMPACT OF REMITTANCES ON HOME COUNTRIES DEVELOPMENT

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ABSTRACT

REMITTANCE: A NEW INSTRUMENT FOR CHANGE -- UNDERSTANDING THE IMPACT OF REMITTANCES ON HOME COUNTRIES DEVELOPMENT

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This dissertation constructs a framework to investigate the impact of remittances on the recipient countries in the context of the Middle East and North Africa (MENA) and the European Union (EU). The framework will explore the effects of labor migration induced by bilateral labor agreements (BLAs). Such labor agreements are guided by the desire of autocratic governments to utilize their citizens to finance social contracts to sustain the authoritarian systems. The labor movements are further enhanced by accumulating social capital and remittances. The research also highlights the impact of remittances on the home country's institutional quality. It also highlights the effects of multiple variables such as remittance securitization, labor flows, and remittance cointegration with gross domestic product (GDP). These variables yield outcomes as four testable hypotheses. H1: bilateral labor agreements (BLAs) and bilateral investment treaties (BITs) are most likely to increase labor mobility and remittances to the sending countries. H2: remittances enhance the quality of home institutions. H3: securitizing remittances aggregates their economic value. H4: There is cointegration between remittances and GDP for home countries. The context and application of remittances can highlight the role of remittances as a dispositif for development, which can also create an organized flow of labor movement and a reduction in irregular migration in the EU. This study uses several econometric models and qualitative analysis to explore the potential of remittances beyond the current problematic "best practice" approach to policymaking in migration and development. Instead, it connects different

theories (Social Capital Theory and Strategic Rent Theory) to understand the processes by which governments could adapt to new circumstances generated by migration and seize the opportunities that could impel economic development.

To the memory of my father, and Mom, who inspired me to achieve my goals.

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CHAPTER I

INTRODUCTION

Remittances may not provide ideal economic outcomes in recipient countries, but neither will any other economic activity in the absence of healthy institutions that discourage individuals, firms, and investors from saving, investing, or taking risks. Given the economic situation in most developing nations, it is astonishing that remittances underpin so many productive activities. However, remittances must be seen as a dispositife to accelerate the development process of the nearly 300 million people migrating from poor to rich countries. To connect migration and development, we must consider three factors. First, recruitment and agreements such as Bilateral Labor Agreements (BLAs), quotas, and guest worker programs for short-term and temporary visas, which determine who can migrate. In the absence of such a steering mechanism, host nations would continue to endure significant and unmanageable influxes of unauthorized migrant workers as a direct consequence of globalization, which exerts growing pressure on all nations, both wealthy and poor.

Remittances as a second factor must be seen as a crucial component for accelerating the development process. To account for the effect of globalization's economic and societal implications, remittances could be a powerful factor that can guide the process. The third factor is return migration, which includes the process of applying the skills learned abroad. Migrants usually sustain high energy and a risk-taking approach to challenging issues, and their return could add value, creativity, investments, and overall development in their home countries. To enable the potential of remittances in development, we must focus on migrants and their families as rational individuals who respond to incentives. Their decision to remit will be guided based on the opportunity cost of sending, receiving, and investing at home.

It is also undeniable that remittances are not entirely an uncontrolled mechanism; for example, the host country may use labor migration to influence the sending country. If the labor flows persist, a new system of migratory interdependence arises, that is, a reciprocal political economy in which both sending and receiving nations may wield some political power. The host government can use its stance against the sending country to its own advantage by imposing restrictions (restrictions on remittances, increased immigration restrictions, or both) and displacement (forcible expulsion of sending country nationals). The effectiveness of these methods is determined by whether the sending state is sensitive to the political economy costs incurred by the host state's approach; that is, whether it cannot absorb them internally and cannot win the backing of alternative host states. It is also argued that displacement techniques are more expensive than restriction initiatives but are more likely to succeed.

This study demonstrates how bilateral labor agreements initiate labor migration and how its derivatives (remittances) may build an interdependent political economy among sending and receiving nations. I will try to assess why developing nations in the Middle East and North Africa (MENA) countries use their labor force to relocate and remit funds to support social contracts and maintain their authoritarian rulers in power. Remittances have the capacity to replace welfare state expenditures by reducing the need for government-sponsored education, health care, and government-sponsored employment. Furthermore, the study looks at how host countries might use remittances to exert political influence by placing a surcharge on remittances or lifting restrictions. Additionally, I contend that remittances cannot bring economic progress on their own, and that a more complete framework is required to unlock such potential. The following are the research assumptions.

RESEARCH ASSUMPTIONS

The study assesses the impact of remittances on the home country and investigates and answers the research questions: what role do remittances have on the home country? Can remittances improve the home country's institutions' quality? How do labor movements start and why do they continue?

1. There is a trade-off between authoritarian governments and the provision of government welfare. The social contract, whereby citizens accept limits on the political franchise in exchange for state provisions on employment, education, housing, healthcare, and other benefits. Such a trade-off allows the autocratic leaders to leverage remittances to pay for social contracts, hence creating constant flows of migration.
2. Bilateral Labor Agreements (BLAs) between sending and destination countries can be a powerful means of supporting labor migration and increasing remittances.
3. Economic progress will not occur until the current economic structure is efficient. Individuals must be enticed to engage in socially acceptable activities via the use of incentives. Finally, certain mechanisms (institutions) must be developed to draw in social and private players.

HYPOTHESES

H1: Bilateral labor agreements (BLAs) and bilateral investment treaties (BITs) are most likely to increase labor mobility and remittances to the sending countries.

H2: Remittances enhance the quality of home institutions.

H3: Securitizing remittances aggregates their economic value.

H4: There is a cointegration between remittances and GDP for home countries.

Between the 1950s and 1970s, the North African public sector emerged as the lynchpin of a political-economic system designed to support intervention and redistribution in economic and social policy. However, at the beginning of the 1980s, as these arrangements proved incapable of sustaining the socioeconomic achievements of previous decades, a change ensued. A new system was in place; the social contract was under severe stress due to declining public revenues. As a result, classic authoritarian transactions have encountered significant changes after the austerity plan and internal dissent. The new reformed authoritarian bargains proved not to be a temporary, transitional process in the political-economic history of North Africa but rather a durable system with its own intrinsic logic. These revised bargains also contained internal struggles—many of which became more visible on the threshold of the Arab Spring.

The recent economic history of North Africa explains how the policy choices and trade-offs leaders embraced in supporting a social contract impacted prospects for economic growth and political stability. Whereby social contracts that favor redistribution, equality, and security have taken an increasing loss on precisely the social sectors they were designed to protect. The authoritarian bargain and extensive literature attempt to explain the arrangement and dynamics of authoritarianism in the Arab world, ranging from comprehensive case studies of policymaking in individual dictatorships to region-wide analysis of the strength of authoritarian rule and the breakdown of political reform (Heydemann 2008). There is also literature that connects the structure of Arab economies—notably oil revenues, remittances, and strategic rents—with the persistence of authoritarianism and the incomplete nature of economic reform efforts (Ross 2012). Nevertheless, these largely independent approaches suggest that economic and political choices in dictatorships are jointly determined—as a result of a general problem of legitimacy in

authoritarian regimes, political control and public welfare are driven by similar factors. If this is accurate, it implies authoritarian regimes face an inherent trade-off between providing political freedom and economic security, leading to the negative relationship between welfare spending and democracy.

In formal representations of the authoritarian bargain, an authoritarian leader provides the least-costly bundle of economic benefits and political rights needed to avoid a coup d'état (Desai, Olofsgård, and Yousef 2009; Gandhi and Przeworski 2006). The generosity of this "mix" depends on the outside options of citizens and competing elites and the restrictive capacity of the regime (that is, the likelihood of a successful overthrow). In essence, the creation of welfare versus freedom depends principally on the fiscal constraints facing the state and, in particular, on the coordination costs confronting the political opposition. In moments of economic prosperity, the regime will have sufficient means to provide welfare benefits. This process, however, demands that governments maintain control over economic rents and their revenue-raising capacity. Consequently, state intervention may be achieved directly through ownership of productive assets or indirectly through relationships with economic elites.

The fiscal limitation also affects the form and extent of economic benefits. Facing fiscal windfalls, an authoritarian state can make widespread public investments, universally provide, or subsidize goods or services, and insure against unemployment, poverty, and other shocks. If delivered efficiently, such activities can increase welfare, raise the productivity of private investments, and reduce inequality. If fiscal resources dwindle, the state replaces universal provisions with selective benefits to politically salient constituencies (Bueno de Mesquita et al., 2003). This approach is far more distortionary, resting on a "clientelist" policy regime that simultaneously protects politically connected businesses and public agencies through patronage,

and channels resources to the military and internal security apparatus. The effects on competitiveness and equality of both income and opportunity are adverse.

The authoritarian ruler's relative cost of partial political liberalization is a function of the political risk it entails, given the nature of the political opposition. Authoritarian states, therefore, have incentives to undermine the organizational capital of groups capable of mounting credible challenges to incumbents. Therefore, control and regulation of trade unions, business associations, youth organizations, and other civic groups are necessary. In weaker states where such control is difficult, the regime must rely on its control over the distribution of economic rents that can be used to co-opt potential challengers. In times of fiscal retrenchment in weak states, naturally, increased repression rather than partial political liberalization is the result. Finally, authoritarian bargains are also characterized by a dynamic—in addition to static—instability. As the social contract comes to rely on ever-increasing expectations of free or subsidized public goods and services, job security, and protections against shocks, satisfying these expectations becomes costly, and the risk of political unrest rises (Passarelli and Tabellini 2013). Desai, Olofsgrd, and Yousef (2009) used panel data from over 45 non-democratic governments, including North African countries, between 1984 and 1999 to officially assess the predictions of a structural model of the authoritarian bargain. The findings corroborate the presence of a fundamental trade-off between the fiscal cost of social expenditure and the cost of political liberalization to the incumbent. Furthermore, the findings demonstrate how shocks—fiscal, demographic, political, and so on—can disrupt an existing authoritarian bargain by raising or lowering the costs of welfare provisions versus political liberalization, resulting in episodes of economic reform and political liberalization within an existing authoritarian framework.

It is also worth noting that remittances may help to offset the costs of abandoned domestic monetary policy by providing a mechanism for stabilizing the currency rate. Remittances and labor migration are a substantial source of wealth for many poor nations, making them the only tool for foreign currency stability. Because remittances are directed at the needs of families rather than the profit motivations of investors, they have the potential to modify the financial situation of receiving families and have a systemic influence on how governments pursue macroeconomic policies.

With this framework in mind, the rest of the Middle Eastern North Africa (MENA) area gives a historical narrative of the birth and growth of North Africa's authoritarian bargain since independence, with an emphasis on the conceptual trade-offs. As will be shown, the formation and consolidation of the interventionist-redistributive social contract is far from linear, and the intricacies of its design are far from standard.

Morocco and Tunisia, for example, did not adopt populist and redistributive policies to the same extent as Algeria, Egypt, and Libya's secular, single-party republican regimes. Thus, in independent countries such as Egypt, Tunisia, and Morocco, postcolonial politics began with bitter struggles to lay the foundation for local authoritarian deals. Indeed, a mix of variables, including poverty, nationalism, and the presence of organized labor, gave birth to the authoritarian bargain in North Africa. Prior to the independence of Libya (1951), Morocco (1956), Tunisia (1956), and Algeria (1962), as well as Egypt's revolution (1952), most of the population's quality of life was very poor, and health indices were among the worst in the developing world. Internationally, education levels were equally low. Adult illiteracy in Egypt was reported to be 90% in 1939, with just 23% of children aged 5–19 years enrolled in school. In Morocco, enrollment was much lower, with the number of foreign children in schools almost

equaling that of Moroccan students. At the same time, the development of anti-colonial conflicts in the framework of state-building offered incentives for nationalist elites to favor broad political inclusion (Anderson 1986). Thus, anti-colonial movements recruited labor unions, peasant organizations, political parties, chambers of commerce, and other associations, and, consequently, the political arena, formerly reserved for elites, was substantially extended. External rents, particularly oil money, were vital to finance the wide inclusion in the agreement (Vandewalle 2003; Ross 2012). These profits impacted North African oil exporters as well as more diverse economies that depended significantly on remittances and transfers from oil-rich nations and Europe.

Oil profits enabled extensive welfare structures that acted as a critical means for dispersing oil income to populations in oil producing nations. Alternatively, remittance income increased household spending, particularly in rural regions, for non-oil producers. Furthermore, for non-oil producers, loans, grants, and other types of support increased government income and maintained redistributive pledges.

During the height of the oil boom in the early 1980s, around 2.5 million Egyptians worked in Arab oil-producing countries, half of whom were in Libya. From 1973 to 1984, Egypt received about $22 billion in official migrant labor remittances, Morocco received $8 billion, and Tunisia received $6 billion.

To begin with, governments were hesitant reformers, and when faced with political resistance, they implemented measures that undermined the link between economic restructuring and political change (Heydemann 2008). They resurrected political control and national security concerns that had previously hampered change in Algeria, Egypt, and Libya in response to the appeal and, in some instances, brutality of extremist organizations. Thus, although governments

considered political liberalization as a prerequisite for economic reform in the 1980s and early 1990s, by the mid-1990s, the connection had been flipped in response to the assumption that economic frustrations fostered support for Islamist groups. Whereas economic stagnation had previously justified political change, it now justifies the reassertion of political power. Pursuing economic and political changes at the same time was seen as a danger to the political system.

SURGE IN REMITTANCES INFLOWS

Remittances are expanding in value and playing a greater role in the macroeconomic activities of several recipient nations. Remittances reached $706 billion in 2018, exceeding official development assistance (ODA) and proving more durable and stable than any other type of cash flow to recipient nations. The United States is the largest supplier of remittance outflows; $68 billion in remittances outflow from the United States each year, a number that continues to rise as remittances become a significant percentage of financial transactions. According to the World Bank, banks and traditional money transfer companies increased their market share. In 2019, migrants will send home around 706 billion USD. People in emerging nations are becoming a significant cohesive unit capable of compensating for labor market deficiencies in small economies collectively (Stark, 1991).

Remittances are becoming a type of informal loan and an insurance policy offering a safety net (Lindstrom, 1996; Sana and Massey, 2005). There is abundant evidence that remittances are utilized to enhance the quality of life for many receiving families by increasing access to health care and excellent education. While remittances seem to be an anti-poverty strategy, they are often seen as a vehicle for consumerism. According to data conducted by the Inter-American Development Bank in Mexico, 78 percent of remittances were spent on home goods; 8% on savings; 7% on education; and 6% on luxuries such as real estate and investments.

Many organizations have begun to recognize the huge influx of remittances and are attempting to develop policies that can accomplish certain goals. For example, USAID established the diaspora network alliance in 2011. A mechanism that enables a partnership for development to realize the potential of the diaspora The framework was based on the cooperation between the diaspora in the US and institutions in their home countries. The model aimed to build a partnership for development in conjunction with El Salvador and Honduras.

Former Secretary of State Hillary Clinton led the Building Remittances Investment for Development, Growth, and Entrepreneurship (BRIDGE) initiative in 2010. Under the Bridge programs, a transnational framework was established to foster cooperation between institutions in sending and receiving nations. Despite this, securitization of remittance flows remains very difficult since most developing nations lack the necessary banking infrastructure and have only a limited amount of securitized debt. Remittances, unlike any other financial flows, go directly to the recipient's home, resulting in a potentially more uniform and broad-based distribution of resources than Foreign Direct Investment (FDI) or foreign aid. Remittances are also more stable than other foreign transfers (Ratha 2003). Some have linked remittances to poverty reduction (Adam and Page 2003, Taylor 1999); in addition to potential poverty reduction, remittances can induce positive multiplier effects and advance savings and investments (Chinhowu, Piesse and Pinder 2005, Ballord 2005), increasing recipient families' propensity to save. (Ratha, 2003; Stalker, 1994). Remittances can serve as protection against the risks connected with new sources of income and capital market flaws (Taylor 1999). Former communist countries have the highest share of remittances as a share of GDP; for example, Tajikistan's remittances are half of the country's GDP, followed by Kyrgyzstan, Moldova, Armenia, and Kosovo, where remittances account for 30% of GDP (World Bank 2019). For many of these countries' migrants, remittances

serve as an essential reservoir of income for many families who see remittances as equally important. The resurgence of oil prices and the continuous availability of foreign help provided sufficient cash to buffer the effects of economic stagnation and enabled governments to pursue minor reforms while delaying major choices about structural transformation (Yousef 2004). While reducing the motivation for change, these rents—oil from Algeria and Libya, and foreign aid and remittances from Egypt, Tunisia, and Morocco—help maintain large internal security forces, protect authoritarian governments, and hinder public mobilization. In the post-Cold War period, foreign countries that typically backed authoritarian governments in the area did so in reaction to the growing threat of terrorism due to superpower rivalry and oil security concerns (White 2001). Thus, economically driven labor mobility has the potential to create an interconnected political economy in which countries can use their positions to influence each other.

THE IMPORTANCE OF RESEARCH

This research adds value to the literature because it pushes beyond this problematic "best practice" approach to policymaking in migration and development. Instead, it connects different theories (Social Capital Theory and Strategic Rent Theory) to understand the processes by which governments could adapt to new circumstances generated by migration and seize on the opportunities that could impel economic transformation. More specifically, the research examines how these processes emerged in Morocco and Egypt decades before the potential of migration as a catalyst for economic development that overhauled the attention of governments, scholars, and development institutions. The research examines how remittances as an economic instrument can diffuse a subtle social framework that can engage intrastate policies and, at the same time, formulate an interdependence political economy. What is the process by which the

state institutionalized these ideas into creative policies that support its mission? How do these processes facilitate and advance discussion, cooperation, and conflict reduction with immigrant groups in sending and receiving countries?

LITERATURE REVIEW

Remittances have no long-run impact on economic development; they are only an instrument. What is more relevant for growth is the context in which remittances are applied. The debate about whether remittances are used productively should first examine the constraints such as political instability, corruption, democracy, and the rule of law. Such constraints are the real determinants that cause and sustain economic development. Since the economic diversion between Europe and countries in North Africa is most likely to continue, combined with the increase in social integration, the developed countries have an enlightened self-interest to guide the developing countries to achieve economic growth and poverty reduction. The closeness of the North Africa (MENA) region to Europe, combined with economic diversion and political instability, makes it a candidate for immediate consideration for development. The high level of unemployment and the young median age of the population make the Middle East a ticking time bomb. Europe should adjust its strategy to adopt compassionate and enlightened self-interest. Compassion because these societies do not offer credible hope to their citizens and self-interests because the economic diversion manifested in chain migration to Europe would prove to be an impediment for Europe's future. Out of such self-interests, Europe should muster enough energy to build an informed citizenry that would support such a project. At the dawn of the twenty-first century, all developed nations in the world have become countries of immigration, whether they chose to accept it or not. Hence, policies that govern the conditions and the process under which migrants enter a country have become a prominent political issue worldwide.

Unlike traditional countries of immigration (the United States, Canada, and Australia), the newer migration countries (France, Austria, and Germany) and the new migration countries (Italy, Ireland, and Spain) have been pushed to devise a body of laws and civil procedures from scratch.

The establishment of laws to govern the entry, residence, and departure of foreigners will be of crucial significance throughout the twenty-first century. This study applies the social capital theory to explain the dynamics that sustain migration (Massey, Durand, and Malone, 2003) and how remittances may fuel the migration process. Social capital is differentiated by its ability to provide economic and social returns (Coleman, 1994).

A migrant network is a kind of social capital developed via interpersonal interactions and membership in social organizations that supports chain migration (Massey, Goldring, and Durand, 1994; Mooney, 2004). Castaneda and Buck (2011) define chain migration as a pattern of migration in which one or more individuals migrate overseas and then ask or send family members or close friends to join them in their new nation. Through reciprocal links between immigrant and nonimmigrant families, friends, and community members, immigrant networks improve access to immigrant-related information (Massey, Durand, and Malone, 2003; Massey and Garcia-Espana, 1987). In addition to reducing the risks and expenses connected with migrating, the migrant network also increases the projected gain. It offers social, emotional, and monetary assistance during the relocation process (Massey, Durand, and Malone, 2003; Massey and Garcia-Espana, 1987). This research will analyze the relationship between remittances and chain migration since emigration from Central America has recently reached uncontrollable proportions. In addition, an effort will be made to determine if remittances influence human and economic development in the home nations of migrants.

MIGRATION

Do migrants have the moral right to emigrate? Do they have the right to move anywhere they choose? Recently, migration has been muddled up with racism, particularly in the West. However, when analyzing other areas, especially in the developing world, we can disentangle xenophobia from the moral right to emigrate. For instance, the small African nation of Botswana has shown significant economic strides and far exceeds neighboring Nigeria. The Nigerian population far exceeds the Botswana population; for each Botswana person, there are a hundred Nigerians. If the concept of free movement is applicable and the world community believes that there is a global right to emigrate, then Nigerians can freely move to Botswana. Even so, it would be unethical to impose such a notion on Botswana's people; thus, there is no moral right to free movement. On the other hand, the world has a moral obligation towards poor people, but it is not about migration. So, what is the moral approach when thinking about migration? Migrants are motivated by self-interests to improve their material condition, but the forces they create influence the societies they move to.

Once migrant workers move to a new society, they acquire rights that can have staggering differences depending on where they go. While the proponents of free movement of people identify the notion of economic gain under the vague framework of globalization, they ignore that globalization is not a technical or economic concept. Globalization bundles up two different concepts: international trade and international factors of production. The forces that govern international trade, the forces of comparative advantage, ensure that both societies gain from trade, and the gain in each nation suffices if there is a transfer mechanism to redistribute the gains.

In the absence of a working transfer mechanism, citizens are most likely to ignore the powerful positive forces of comparative advantages and fall back on protectionism and populism. The factors of production are dominated by different forces, which are the forces of absolute superiority and cannot guarantee mutual gain. For instance, any observer can identify that Africa loses a significant outflow of capital each year, about 200 billion dollars, in addition to the hemorrhage because of the exodus of its skilled laborers. Such a combination of outflows is unfavorable to Africa. However, the out-flow is suitable for the owners of capital and skilled labor but ambiguous at best for the people left behind and depends on how much a country suffers from a brain-drain. For example, there are more Sudanese doctors practicing in Britain than there are in Sudan.

Movement of the factor of production may be a more significant expansion of the Global Gross Domestic Product (GDP), but not good for the small country of Sudan. In many other cases, migrants must de-skill because their credentials are not approved in the host countries. Yet while the private forces do not always translate to positive social effects, they do in some cases. One of the outcomes of migration is remittances. It is useful because it acts as a form of insurance. For instance, if a country experiences a negative economic shock, the diasporas will compensate by sending money. One of the effects of migration is the impact on aspiration. As the population moves out, it creates a narrative that life is elsewhere, but it could also have a positive impact. If enough people got the education to leave, such an incentive would induce a brain-gain, and the balance between brain-gain and brain drain will determine the potential development for the developing world.

In larger countries, such as China and India, the low rate of migration created a net brain-gain, but small countries like Haiti experienced a brain-drain. Net brain-drain can have a

devastating impact on small countries. International Monetary Fund (IMF) studies have shown impaired growth, which heightened diversion for the Eastern European countries when compared to the rest of the EU members.

For instance, in host countries, it will depend on what rights are granted to the immigrants. For example, Qatar and Norway have a high number of migrants and extensive oil wealth, but they also have two different policies toward migrants. Qatar's migrants get no share of oil and are only paid enough to leave their countries. On the other hand, Norway pays foreign migrants the same as native Norwegians, and the oil share is divided equally. If migration continues at the same rate, it is estimated that migrants will represent one-third of the Norwegian population. The increase in the number of migrants implies a reduction in the native's share of oil endowment by one-third. While the effects in Qatar were fewer jobs for natives and increased wealth, the Norwegians reduced their share of publicly accumulated assets. Private assets such as housing stocks are pushed upward by increased migration, creating a regressive distribution in society based on whether you own or rent.

Moreover, the net effect of immigration on the labor market is about zero in most developed countries and the EU, but the impact on the US unskilled labor market experienced a downward pressure of about six percent (need to refence a year). The product market is usually enhanced and diversified as migration is increased. The literature demonstrates that all economic effects are minimal, and the social implications are what truly impact the host society.

The social effects convey the ability of a society to cooperate to produce public goods; this has always been a feature of developed countries compared with the lack of ability of fragmented developing nations to provide public goods, which is a challenging tragedy for the developing world. How people manage to produce public goods is driven by reciprocity and

shared identity, which impacts the process. People can trust people whom they share an identity with because they assume people with a shared identity would contribute as they do when needed. Generosity is a concept when the rich help the poor because they care (altruism), but they only care if there is some shared identity. This phenomenon is emphasized in societies where a higher proportion of migrants exists.

The assumption is that the more significant the proportion of migrants, the less the desire to transfer from rich to poor. This may be able to shed light on the hostility towards migrants from the host countries' poorer people than economically better-off people because they intuitively know that migration makes the rich less generous. To preserve generosity and cooperation, the host countries need to focus on absorbing migrants into a shared identity and help them integrate so they see themselves as nationals and are seen by natives as nationals too.

Notwithstanding, the bigger the diasporas, the greater the social interaction within the diasporas as compared to the rest of the population. Moreover, as the diasporas get more substantial, the slower the rate of absorption in the host country. This relationship is significant because as the diasporas get bigger, the rate of migration also increases because of the migrants' ability to channel information and money. The dynamics of an ever-expanding diaspora make the process unstable.

For a stable society with a given level of diversity, the rate of flow into the society must be the same as the rate of absorbed population. Investigating specific policy characteristics, it is relevant to investigate the four main reasons why states accept immigrants: labor migration (economic causes; Freeman 1979), family reunification (social reasons; Cholewinski 2002), asylum/refugees (humanitarian reasons; Hatton 2004) and co-ethnics (cultural reasons; Jeronimo

& Vink 2011). The last group concerns regulations for groups of migrants with special historical or cultural ties to their new home destination country.

Remittances, unlike any other financial flow, travel directly to the family, hence creating a potentially more progressive and broad-based distribution of resources than assistance or Foreign Direct Investment (FDI), and they are less volatile than other external flows (Ratha 2003). Some have linked remittances to poverty reduction (Adam and Page 2003, Taylor 1999), and in addition to potential poverty reduction (Chinhowu, Piesse and Pinder 2005, Ballord 2005), remittances generate positive multiplier effects and have a positive impact on savings and investments, increasing the propensity of recipient households to save (Ratha 2003, Stalker 1994). Additionally, remittances serve as an insurance against the risk connected with new revenue-generating activities (Taylor 1999). For example, Tajikistan's remittances account for 50 percent of the country's Gross Domestic Product (GDP), followed by Kyrgyzstan, Moldova, Armenia, and Kosovo, where remittances account for 30 percent of GDP (World Bank 2019). In many of these countries, migrant remittances are an important source of income for many families who rely on them to meet their basic needs.

REMITTANCE PROVIDERS AND U.S. IMMIGRATION POLICY

At the global level, the Financial Action Task Force (FATF) and the Bank for International Settlements (BIS) have partnered to produce a set of remittance-regulating norms and principles. The acts of financial institutions such as banks and credit unions are subject to direct state and federal regulation and oversight in the United States. The operation of foreign bank branches and agencies is controlled by a patchwork of state and federal legislation, including licensing requirements and permissible operations. Government regulation is primarily concerned with anti-money laundering (AML) and Countering the Financing of Terrorism (CFT)

to battle against the funding of terrorist groups. In contrast, the activities of federally chartered banks and Mutual Savings Banks (MSBs) are monitored by the respective state authorities. Since October 2013, the Dodd-Frank Wall Street Consumer Protection Act consumer protection provisions have been implemented by the Consumer Financial Protection Bureau (CFPB) of the United States of America. (Dodd-Frank).

According to several lawmakers who identified the need to change the existing customer identification requirements, which currently do not compel customers to submit proof of lawful U.S. immigration status, they assumed the existing procedure to be a hinderance to enforcing immigration laws. As a result of this worry, Senator David Vitter from Louisiana sponsored S. 79, the *Remittance Status Verification Act of 2015,* which would mandate that remittance providers punish any sender of remittances who cannot present verification of their legal status under U.S. immigration laws by asserting a fine of 7 percent on each transaction. Other states have adopted different regulations restricting migrants' ability to send money back home. Even though illegal migration to the United States is discouraged, some experts believe that imposing new taxation or identification regulations on remittances back home would just push the practice underground and to informal channels of payment. In addition to increasing AML/CFT risk, if remittance flows shift to informal channels, it may impair governmental initiatives to utilize remittances to promote financial services.

THE IMPACT OF REMITTANCES ON POVERTY AND EQUALITY

Migrants' remittances to their country of origin accounted for over $570 billion in 2019 and show no sign of slowing down. This is a significant poverty reduction instrument. The money sent by the migrants is essential because it acts as a lifeline for the poor and is most likely to increase income for individuals and families. Remittances have been shown to reduce school

dropout rates and increase average birth weight for children born to remittance-receiving families (Ratha, 2013). Some studies suggest a positive economic spillover on the greater society of remittance-receiving countries. Unlike other monetary interjections into the macro-economy, remittances are countercyclical. It is most likely that family members abroad remit more in times of financial distress, even if they are suffering financially. It is most likely that remittances act as insurance, helping families and societies overcome external shocks**.** In their simplest form, remittances show the tremendous emotional bonds and constant engagement between regionally divided families. Individual and family choices about migration and the desire for more income affect remittances. These families, who reside partially in sending nations and partially in their place of origin, are deeply connected economic units and a defining characteristic of globalization. Like multinational firms that seek markets, capital, and labor across the globe, transnational families also hop borders to find competitive advantages.

The notion of a transnational family is best conveyed by what sociologist Manuel Castells refers to as the "space of flows," a timeless location characterized by transnational networks functioning outside of conventional institutions and groups (Castells, 1996). Although this newly carved globalization space favors the very wealthy, it equally applies to the poor. In addition to money, family networks are the cornerstone of migration movements, enabling migrants to pursue possibilities wherever they may be. Their systems transmit compassion, data, and resources across international borders. Today's remittance flows to Latin America are a natural consequence of migration to the United States, which has gained speed over the last quarter-century.

The US economy showed a tremendous appetite for migrant workers during the 1990’s economic expansion and managed to provide job opportunities for new arrivals during the slow

cycles of 2001 and 2002. The PHC-MIF (Pew-Hispanic Center, Multi-investment Fund) studies illustrated that remittances provide a haven and insurance against poverty. If payments were to be suddenly restricted, then the fragile receiving economies would be imperiled as consumption declines. Even though most remittances are spent on consumption goods, almost one-third of remittances' recipients declare putting some funds into savings, education, or small investments (PHC-MIF, 2002). Given the magnitude of remittance flows, the share of remittances used for non-consumption purposes far surpasses the foreign economic aid and development assistance that wealthier nations inject into the area. Migration used to provide options for workers, and although this fact remains a fundamental aspect of emigration, the flow of people out of Latin America is now a vital source of nourishment for those who stay. Migration is also a revenue source for the receiving economies.

Remittances are valuable resources for many developing countries and are often more extensive than foreign investments and, in many cases, represent a significant portion of the gross domestic product (GDP). Therefore, they have a high political value, as the level of remittances is many times higher than the overseas development aid (ODA) provided by developed countries to developing countries. Remittances and migrants thus evolve to be essential instruments in the relationships between developing and developed countries. The importance of remittance flow is a function of its ability to increase income and reduce poverty (World Bank, 2006). A significant number of cases present evidence that remittances reduce poverty, even though this reduction is modest. Adam and Page (2005) have provided the most comprehensive evaluation of the impact of international migration and remittances on the developing nations, covering 71 low- and middle-income countries. They indicated that a 10 percent increase in per capita international remittances leads to a reduction in poverty by 3.5

percent. Likewise, Acosta et al. (2008), studying the impact of remittances on poverty for ten Latin American countries, concluded that there was a positive impact on poverty reduction, although it was a modest reduction. At the state level, Adams and Cuecuecha (2010) for Indonesia, Lokshin et al. (2010) for Nepal, Adams et al. (2008) for Ghana and Taylor et al. (2010) for Mexico showed evidence backing the impact of remittances on poverty reduction.

In general, overseas transfers have a bigger influence on poverty reduction than domestic remittances (Adams et al., 2008). Remittances relieve poverty but have varied effects on inequality. A large body of literature shows a negative effect of remittances on income inequality, as measured by the Gini coefficient (Barham and Boucher, 1998; Adams et al., 2008; Adams and Boucher, 1998; Rodriguez, 1998), and this effect is more noticeable when remittances come from overseas compared to internal migrants. International migration is a higher risk process in comparison to internal migration. However, international migration yields more beneficial transfers, which contributes to poverty reduction. Those receiving overseas remittances are not the lowest, but in the middle or upper-income classes, and a surge in their salaries shows inequality in the country. De and Retha (2005) found that remittances reduce the Gini coefficient. Even if migration initially increases economic disparity, the long-term effect is a decrease owing to the collective benefit to society, according to McKenzie and Rapoport (2007). Given varied results, the influence of remittances on inequality is debatable.

Remittances have both positive and negative consequences for the family members left behind at home. Migration shock changes the family structure: a parent relocating leaves children emotionally stressed and may drive them to do home labor instead of studying. In certain underdeveloped nations, where women's roles are minimal, the relocation of the head of household might be perceived as empowering to the women who remain behind. The cost and

value of migration depend on how recipient family members utilize migrant remittances. Given the link between consumption and income, remittance-receiving families may make alternative spending choices. Low-income households that struggle to consume beyond a subsistence level sometimes have spending preferences constrained by money. If migrant money is spent on products and services, it may boost economic growth. How remittances are utilized depends on how receivers see them. Remittances have a vital role in economic growth by boosting people and capital investments. Studies suggest that remittances contribute to children's education, housing, and health (Taylor and Mora, 2006).

Opponents say remittances affect behavior and are spent on inconspicuous consumption, not investment. Clement (2011); Chami et al. (2005); Adams and Cuecuecha (2010). This gloomy view of remittances may lead to household dependency on migrant income, with unfavorable economic consequences. Lastly, remittances don't affect spending patterns. Remittances are fungible and handled like any other source of income; there are no behavioral distinctions between remittance recipients and non-recipients (Zarate-Hoyos, 2004; Castrado and Reilly, 2007; Adams et al., 2008; Ang et al., 2009; Randazzo and Pirach, 2014). Adams and Cuecuecha (2008) indicate remittances' perceived value differs depending on the socioeconomic environment. Remittances are a temporary income for middle-income households. However, destitute families may see remittance money as wage income and utilize it to meet their basic requirements; hence, many empirical researchers cannot show the beneficial effect of transfers (Casaldo and Reilly, 2007; Randazzo and Piracha, 2014). Even so, it is feasible that the function and perception of remittances will alter over time, after the household's fundamental requirements have been met. In the context of inefficient capital markets, remittances may play a crucial role in assisting business activity to overcome financial obstacles. The availability of

money is essential for the sustenance of entrepreneurial endeavors, which are a byproduct of economic progress, creativity, and competitiveness, and should be encouraged in a developing nation. However, in a restricted credit market, it may be difficult to realize an investment or economic activity. Paulson and Townsend (2004) contend that the shortage of money is the reason why Thai families are reluctant to establish or develop enterprises. Transfers can make up for a shortage of such cash. Remittances may play a crucial role in emerging nations through their influence on private company activity and the rearrangement of private labor markets. For instance, Mesnard (2004) shows, under the situation of imperfect capital markets, a positive correlation between temporary migration and the likelihood of becoming an entrepreneur upon return to Tunisia. Migrants amass funds while working overseas and utilize them to launch private self-employment upon their return home. Other research supports the beneficial association between overseas savings and self-employment (Ilahi, 2002; Piracha and Vadean, 2010; Amuendo-Demurger and Xu, 2011, Kim, 2007). The influence of migrants' remittances on the job decisions of non-migrants has received little attention. Several studies assessed how people left behind responded to migration in terms of labor force participation and hours worked (Dustmann and Kirchkampk, 2002; Funkhouserk, 2006; Amuedo-Dorantes and Pozo, 2006; Kim, 2007). However, additional research is required about the sort of activity (wage earner or self-employed). The exception is Acosta (2007), who finished a study on the impact of remittances on labor participation, the number of hours worked, and job choice for individuals left behind. Acosta has shown that remittances improve the likelihood of self-employment for non-migrants. He discovered stark gender disparities in rural regions. The research supports the beneficial use of remittances in cases of capital shortfall. This idea was supported by Woodruff

and Zenteno (2007), who discovered that migrant workers' income is favorably connected with microbusinesses in Mexico.

COSTS ASSOCIATED WITH REMITTANCES

The effect of remittances on the structure of migrant families in terms of duties and obligations is a source of worry. For instance, there is evidence that those who receive remittances are less likely to participate in the job market (Funkhouser, 2006; Kim, 2007; Justino and Shamyakina, 2012). Justino and Shamyakina (2012) explored the impact of remittances on the labor supply in Tajikistan. They found that workers are less likely to participate in the labor market than those who usually work fewer hours and those who do not receive international transfers. Leon-Ledesma and Piracha (2004), in a macro analysis involving 11 Eastern European nations for the period 1990–99, support the view that remittances and return migration induce positive effects on development and growth. Amuedo-Dorantes and Pozo (2006) showed that remittances do not change the labor supply for men, but remittances change the labor composition. Using Mexican data, they indicated that income inflow from abroad created a reduction in total hours worked in the formal sectors of the economy but increased the total hours worked in the informal ones, in both urban and rural areas. This discovery suggests that people receiving remittances prefer to participate in more flexible and informal jobs. For women, overall labor participation declined, but only in the rural areas.

Highly skilled and educated people generate positive externalities for society, and these benefits are lost when they migrate. Some of the benefits stem from productivity, creativity, and the ability to generate ideas, which in turn ignite the participation and productivity of others in society. The public services consumed by the people that did not migrate involve education, health, and the fiscal externalities associated with tax revenues and are larger than the services

consumed by skilled individuals who have migrated. Moreover, highly educated citizens increase the vigorous debate about critical social issues and are most likely the ones to impact policy and institutions (World Bank, 2006). Consequently, brain-drain may induce a continuous loss of knowledge, talent, and productivity, which may not be an adequate compensation for the migrant's transfers of remittances. Even so, these negative implications have been countered by a more positive approach to creating brain 'circulation' instead of brain-drain and the potential of highly educated and skilled returnees to create institutional changes in their home countries (Faist, 2010).

MACROECONOMIC IMPLICATIONS OF REMITTANCES

Remittances do not simply influence the selection of recipients. Positive spillover effects may help both households without immigrant family members and the whole nation. Those who do not get remittances are likewise participating if remittances favorably impact economic activity (Yang, 2005). In addition, the consistent continuous inflows of remittances and the substantial fraction of GDP imply a significant impact on economic growth and development. Due to the many interconnected elements, it is difficult to determine the direct relationship between remittances and economic development. Contradictory data exists, with some research indicating the favorable impact of remittances on economic development and others suggesting the reverse. According to Chami et al. (2005), the impact of remittances on per capita GDP growth is negative. Using data from 113 nations between 1970 and 1998, they identify remittances as compensation for weak economic performance, which is not conducive to economic stimulation. Spatafora (2005) could not establish an association between remittances and economic development in a comparison of 101 countries during the period 1970–2003. Beyond this, he found little influence of remittances on economic investment or education.

Giuliano and Ruiz-Arranz (2009), who show that migrant transfers increase GDP growth, support definitive findings on the impact of remittances on economic development. Their empirical results support the premise that remittances serve as a replacement for flaws in the lending market. Using the same data as Chami et al. (2005) but adjusting for economic and political institutions, they found that remittances positively affect economic growth. They contend that the unfavorable results of others, particularly Chami et al., may have been the consequence of ignoring variable biases. According to several studies (Amuedo-Dorantes and Pozo, 2004; Lopez et al., 2007), remittances have a detrimental impact on the competitiveness of recipient nations. For each percentage point rise in the remittances-to-GDP ratio, the exchange rate appreciates between 18 and 24 percent. The negative relationship between remittances and the exchange rate is based on Latin American statistics, although the results may vary in different regions. Rajan and Subramanian (2005) did not find evidence that remittances impede growth or diminish an economy's foreign competitiveness. Some research from Eastern Europe implies that the usage of remittances has been studied in Albania and Tajikistan, two of the nations with the largest migration rates in Eastern Europe and Central Asia. In Albania, Castaldo and Reilly (2007) discovered that remittances had a negligible effect on household spending. In their analysis, they controlled for essential consumption such as food, nonfood, durables, and utility product groups. They determined that remittances had no effect on any of these areas of expenses.

In a more deterministic analysis of remittances in Tajikistan, Clement's (2011) revealed that overseas transfers enhanced household consumption while they decreased investment spending. Even though remittances have boosted health expenditures, he classified this as a short-term priority. Cattaneo (2011) provided analysis specific to Albania, which did not indicate

a correlation between education expenditures and remittances. Increased income has a favorable effect on education expenditures, while remittances have no effect. In the example of students aged 8 to 18 in Tajikistan, Kroeger (2010) sought to disentangle the impacts of migration and remittances. On the one hand, remittances enhance home income, which may assist school-aged children, but on the other hand, the relocation of household members might counteract this beneficial impact. In addition, he discovered that the combination of migration and remittances affects girls' school enrollment: parents who get remittances spend more on their daughters' education than those who do not. In the sample of male students, enrollment rose only among those between the ages of 14 and 18 years old. Remittances are a stable supply of foreign currency for developing nations; therefore, they have the ability to impact economic development by affecting consumption, savings, investments, poverty, and income distribution (Rao and Hassan, 2012, p. 351; Rahman, 2014). However, migrant remittances may also have negative macroeconomic effects (Adam, 1991; Wahba, 2007; Glytsos, 2002; World Bank Group, 2006; Rao and Hassan, 2012; Rahman, 2014; Stratan and Chistruga, 2012; Goschin, 2014).

In 2017, global remittances climbed by 7 percent to $613 billion, in which three-quarters of all remittances were sent to low-and middle-income nations, an increase over 2016's $429 billion. This increase in remittances between developing and developed nations may be attributable to global labor mobility and growing migrant worker wages (Center for Social and Economic Research, 2012). Technology has made international payments more efficient and economical, hence decreasing transaction fees (Giuliano and Ruiz-Arranz, 2005; World Bank Group, 2006; Abu Siddique and Selvanathan, 2010). More than $53 billion was sent to the Middle East and North Africa in 2017, a 9.3 percent increase from 2016. Egypt received $24.7 billion, placing them among the top 10 beneficiaries worldwide. It is essential to study the effects

of migrant remittances since they are a major source of foreign investment in Egypt's economy. According to the research, remittances to Egypt may stimulate economic development when combined with foreign assistance and FDI.

SOCIAL REMITTANCES AND THEIR IMPACT ON RECEIVING NATIONS

Migration literature demonstrates that migrants remit not just money, but also ideas, conventions, attitudes, and social behaviors (Levitt, 1998). Migration is an economic, social, and cultural phenomenon in which migrants transfer more than monetary transactions and has widespread consequences on destination nations (Rahman, 2012). Social capital sends social remittances in a variety of ways, including when migrants visit their home country and when families visit migrant relatives, as well as through the phone, internet, and mail (Levitt and Lamban-Nieves, 2010). According to Levitt (1998), social remittances may spread over vast distances and influence several dimensions of society. They may first reach immigrant families, then communities, regions, and nations. Economic, religious, and ideological activities are often affected by social remittances at both individual and aggregate levels. Social remittances may be aimed at either families or the community as a whole. At the communal level, a group of migrants and migrant organizations, such as hometown associations, send collective remittances (HTAs). According to studies, HTAs contributed to public services, infrastructure, religious activities, leisure activities, and status-related endeavors (Goldring, 2003; Itzigsohn, 2008). They filter according to their interests, values, and worldviews (Sussomboon, 2008).

If migrants' goals and investments do not meet local needs, social remittances and migrants' collective businesses may potentially produce tension in their communities of origin (Linley, 2009). Migrant organizations finance investments that non-migrants deem unimportant (Itzigsohn, 2008). Economic and social remittances are termed "globalization from the bottom

up" because they convey resources, knowledge, values, and ideas to their home countries. Human rights, gender equality, voluntarism, and philanthropy are byproducts of social transfers (Conway et al., 2012).

It is believed that migration and remittances increase people's capacity to regulate their lives and their human capital, such as health and education (Vullntari and King, 2011). In such instances, social remittances consist of migrants' traditional beliefs and values. For instance, Albanians from Greece see patriarchal gender dynamics inside the household (Vullnetari and King, 2011). Social remittances are intriguing, but they have not garnered as much attention as financial remittances (Boccagniand Decimo, 2013). The case of Ecuador demonstrates that financial and social remittances are interrelated and contribute to the prosperity of the nation (Mata-Codesal, 2013). This indicates that the ideas and beliefs migrants bring home influence the amount of money they send home. Social remittances encourage migration and monetary remittances in each country, as well as the spread of ideas and aspirations. Movement studies reveal that migration alters people's ambitions, beliefs, and ideals since they are often influenced by money. Migration often alters the culture of a nation through fostering social mobility (Portes, 2010). Studies on cultural migration (Massey et al., 1993) discovered that migrants and their families achieve a higher social status by engaging in conspicuous consumption, bringing back luxury objects, and purchasing new homes and cars. Migrants emulate foreign purchasing patterns; the culture is altered by the new consumption habits.

Prosperous returnees build newly constructed residences, enhancing their quality of life, yet they often reflect the culture of the host country, such as Albanian-style houses in Macedonian cities and Italian villas in Romania (Cingaloni, 2009; Marov, 2013). When migrants go back home, they emulate the western lifestyle; their aspirations are guided by their life living

abroad. Such experiences also increase investment in human capital through education and overall health awareness (Levitt and Lamba-Nieves, 2010).

In West Africa, migration can also work as a catalyst for change (Koenig, 2005). The movement abroad is connected to maturity. The same goes for young Romanians who had no choice but to emigrate to build a life and start a family (Horvath, 2008). Migration allows for a second chance; young people can try to free themselves from traditions and social constraints back home. Minorities and lower-income classes try to overcome the social disadvantages that they experience (Grill, 2012). Ultimately, migration can help induce political change (political remittances) as it alters the perception of democracy and the rule of law and how they relate to the political culture in the destination countries (Levitt and Lamb-Nieves, 2010). Turkish migration to Western Europe has influenced women's political participation in Turkey (Akkoyunlu, 2013). However, migration to Russia and the Commonwealth of Independent States (CIS) countries did not produce a comparable effect. Also, when migrants move to a liberal democracy, they can advance conservative ideas; the rising popularity of Hinduism in India and Islam in Pakistan may make migrants adopt a more conservative ideology (Levitt and Lamb-Nieves, 2010).

SOCIAL REMITTANCES PRACTICES

One core manifestation of social remittances is technology and management transfers. When migrants introduce new business ideas, knowledge, and social capital, they create opportunities, new sources of innovation, and institutional change (Faist, 2010). Returnees usually introduce higher levels of competency in their home countries. In such cases, social remittances can have a lasting and more impactful effect than financial remittances (Conway et al., 2012). These new practices and technologies are sustained by knowledge and social networks

across borders and have played an essential role in developing industries in China, India, Israel, and Ireland (Kale and Little, 2007). For instance, Indian migrants were crucial in providing knowledge and market access to the growing Indian software industry and pharmaceutical companies. Nineteen out of the leading Indian information technology (IT) companies were founded or managed by returnees (Wescott, 2006). In 2006, the IT industry created 700,000 jobs. Human mobility has increased the possibility of knowledge transfer and innovation, mainly where knowledge is "sticky" and localized within firms, regions, or countries (Kale and Little, 2007).

Countries suffering from brain drain, such as China and South Korea, have customized policies for return and development to capitalize on social remittances induced by skilled returnees. Additionally, home countries expanded market opportunities and reformed institutions to foster development (Conway et al., 2012). Albanian and Romanian returnees in Eastern Europe (Cingolani, 2009; Angel, 2013; Markov, 2013), and Bangladeshi and Filipinos in Asia (Higuchi and Manko, 2011; Montefrio et al., 2014), illustrate the likelihood of starting a business back home. Bangladeshis who migrated to Japan and improved their managerial skills could invest their remittances in starting a new business. Even if they did not, they could provide managerial support to existing firms by emulating the Japanese model (Higuchi and Nanako, 2011). In Eastern Europe, Romanian returnees brought back newly acquired culinary talent from Italy in the form of new pizzerias and restaurants (Cingolani, 2009; Anghel, 2013). Returnees in Palawan brought back technical knowledge acquired while working in the oil industry in Malaysia (Monterfrio et al., 2014). These skills influenced land use in Palawan and oil palm production, which displaced subsistence agriculture and utilized palm oil production as a way to increase wealth despite the adverse impact on the environment. In other cases, like Guatemala,

migrant workers' social remittances converted rain forests into cattle pastures, decreasing exploitation of the lands' natural resources (Montefrio et al., 2014).

The cultural influence of migrants' social contributions to their native nations is reciprocated. In Trinidad and Tobago, talented immigrants who have returned home have participated in non-governmental organizations (NGOs) and other social activities out of a feeling of altruism and a sense of duty to the greater community (Conway et al., 2012). Compared to other countries, Sri Lanka placed a high premium on moral obligations. Their emotions and the information they gained abroad were the motivating factors behind their desire for change (Gerharz, 2014).

Hometown organizations (also known as HTAs) in Mexico and the Dominican Republic established projects to improve their towns' economic and social conditions (Itzigshon, 2008; Alacon, 2002). The same was true for refugee migrants who joined in post-war efforts to restore and enhance their native countries (Al-Ali et al., 2001; Gerharz, 2014). For example, Eritreans in Europe were required to donate 2% of their monthly salary to support their home country. This was not a mandate, but rather an "obligation" that the migrants felt compelled to do. In addition to alleviating the impact of the fighting in Eritrea, the money also had another function. The community and place of origin were able to gain from communal remittances, not just individuals and families.

THE IMPACT OF REMITTANCES ON SOCIAL NORMS

It has been debated whether migration has improved gender equality. Due to the increased share of women engaging in international financial flows and the increasing economic significance of their families, there are growing grounds to expect that women will prove to be better remitters than men. Under the conventional model of migration, which was common

during the time when men dominated the migratory process, the prevailing view was that movement would result in a stronger role for women in society because of their increased independence (De Haas and Rooij, 2010). However, the implication of the migratory process remains ambiguous. Dannecker (2009) argues that the empowerment of women is possible because of migration and that the Bangladeshi migrant men and women each have their own beliefs about how development should occur that must be discussed.

Both Vullnetari and King (2011) and Valse (2013) illustrate that Albanian and Romanian women have been released from the unequal relationships common in their own cultures because of migration to other nations. Unfortunately, this kind of change is not one that will last. Women who had been migrants were expected to adhere to the same cultural norms upon their return (Valse, 2013). In Albania, women are an integral component of the family remittance system;yet their new role in the financial system is underestimated, and the money they bring home is disparagingly referred to as "coffee money" (King et al., 2012). Rehman (2012) investigated the connection between the sexes as it pertains to the administration of remittances, focusing on the negotiation of the role and limits of women's activities. Even though women are the ones sending out communication, they continue to carry the social burden associated with the family (De Hass and Van Rooij, 2010).

There are other types of social remittances and subtle cultural alterations that may benefit from the presence of female migrants. Women in Romania thought that it was crucial to invest in their children's education to liberate themselves from social limitations (Valse, 2013). In a similar manner, people in Morocco saw education as an opportunity for women to take control of their lives and become more independent (De Hass and Van Rooij, 2010). It is claimed that getting remittances may raise one's self-esteem and increase one's awareness of the new role

women play in providing financial assistance for their families. Migration has had a crucial impact on Guatemala's evolving gender and ethnic hierarchy (De Haas and Van Rooij, 2010). In many circumstances, notably in Southeastern Europe, patriarchal orders undergo generational transitions (King et al., 2011). Large societal adjustments in schooling, marriage, and birth rates in Morocco, for instance, were not the direct outcome of migration but rather of the country's long-term process of social development (De Hass and Van Rooij, 2010). As a consequence of migration, there are a variety of potential outcomes for social remittances, as both positive and negative impacts are feasible. In some cases, they enhance individualistic attitudes and induce liberation from established social norms, which often nudge societies into development. The impact of social remittances is also guided by the composition of migration flows and the destination societies where migrants choose to call home.

CONCLUSION

As global mobility continues, it is expected that remittances will increase. Remittances will continue to serve as a vital source of income for many poor nations. It is uncertain whether remittances will play a substantial part in the development process. On the one hand, remittances account for a substantial portion of the gross domestic product in several nations, including Eastern Europe. Individually and collectively, remittances seem to decrease poverty. However, the impacts of remittances on inequality are sometimes contradictory, with some research indicating favorable benefits and others showing negative consequences. In contrast to the commonly held belief that remittances are primarily a form of spending, several studies have shown that remittances may boost human capital. However, this is murky in post-communist nations. In Albania, there was no convincing evidence of education-related remittances from Tajikistan, and the presence of migrants in households increased the number of females attending

school. Concerning their beneficial or negative consequences, studies on remittances have shown contradictory findings. Existing research on social remittances is even less clear when it comes to quantifying the impact of remittances on society. This might be because social remittances are more difficult to identify and quantify. This study of the literature investigated the importance of ideas; how migrants established a new attitude to consumption and wealth; how migrants established new businesses in their countries of origin; and how migration has altered gender norms. This overview of the literature outlines a current and continuing debate in the study of remittances, migration, and development. The various impacts of remittances on key outcomes, such as education, for the growth and development of developing nations lead us to the conclusion that the function of remittances might vary depending on the context of study. For this reason, a substantial portion of the research was equivocal on several subjects. Prior to debating whether remittances are utilized efficiently, it is important to evaluate the conditions under which they are received, such as political instability, corruption, lack of infrastructure, and absence of corporate regulation. Remittances may be a tool for development, but they are not a solution.

CHAPTER II

BILATERAL LABOR AGREEMENTS (BLA)

Countries have entered into hundreds of bilateral agreements (BLA), which recognize that the source countries can send migrant workers to host countries under qualifying circumstances. BLAs serve as a contract stipulating the conditions for the country of origin to send temporary workers to the host country. BLAs can be tailored specifically for the country's benefit; however, they contain many shared features (Trachtman 2009).

Host countries usually provide legal protection for migrant workers, protecting them from exploitation by their employers. It is generally expected that countries will act according to their own interests when entering BLAs, which is similar when a country enters a bilateral investment treaty (BIT). However, the two types of agreements always display asymmetric characteristics. For BITs, countries supply capital but do not supply labor to the host countries. Besides, in the case of BIT's, the capital is moving from a well-developed country to a developing country. It is expected that the host countries are in dire need of capital.

The literature addressing BITs indicates that capital flow increased as a result of entering into BIT agreements (Haftel 2010, Neumayer, Spess 2005). Recently, concerns about the robustness of such research have been examined and a new political discourse has emerged (Poulsen, Aisbett 2016). The new understanding indicates that countries enter BITs to enhance their relationships. In some cases, developed countries leveraged this by providing opportunities to the leaders of developing countries. The empirical studies showed that political relations can predict whether countries will enter BITs (Chilton 2016).

While it is true that most host countries are not willing to engage in binding treaties, they will most likely see bilateral labor agreements as an impactful instrument in their own country.

When a country commits to BLAs, the migration flows will increase from source to host countries.

The majority of BLAs strive to promote legal migration, combat irregular labor migration, and encourage temporary migration and return. If successful, permanent immigration would be restricted to highly qualified people. Moreover, it is not clear whether BLA's increase migration flows or whether the source country negotiates to generate benefits from the host countries. Despite this, the discussions and laws created throughout the process represent varying conclusions and objectives across nations. Morocco, for example, developed and maintained extensive postcolonial relations with France; thus, legal arrangements between the two countries affected the difficulties of immigration and labor mobility.

Consequently, the broader framework of cooperation reduced the benefit and usage of the BLAs. However, in the case of Spain, BLAs are mostly a practical instrument of cooperation. BLAs between Spain and Morocco focus on low-skilled immigrants and have adopted strong circular and temporary measures and can be utilized as an apparatus of the political toolbox with the ability to stabilize diplomatic relations. This analysis examines the impact of the BLAs and how labor issues evolve and re-define themselves for both Morocco and Egypt in the context of the European Union (EU).

CHANGING ENVIRONMENT

The partnership between Morocco and the EU supports free movement rather than permanent migration, which is an approach achieved by creating economic and cultural regions where people can reject irregular immigration. Focusing their attention on mutual economic gains and pursuing labor migration that is seen as a positive force. This momentum can be sustained by adapting strategies such as transferable pension rights, technical training, and

ongoing collaboration between Morocco and the member states involved. Morocco supports such new perceptions of its people:

> *'One cannot mix those who leave clandestinely with those who positively contribute to the European and Moroccan economies. It makes no sense to close borders to those people. It is too difficult to move to Europe, whereas numerous Moroccans go there to do business and then come back. It is time to change the perception of Moroccans. They are not just migrants. They are businessmen and the elite. Morocco is changing '(Ministry of Moroccans abroad, January 2013)*

The Moroccan political choice also pays high regard to the economic objectives: promoting remittances and structuring them towards economic growth (development), funding diaspora training and directing them to sound financial channels, and finally controlling migrant employment and development.

The mobility partnership (MP) with the EU can be seen as a strategy empowering skilled Moroccans about employment, education, and training opportunities available in the EU, with the goal of establishing technical credibility and recognition for their academic credentials in Europe. Moreover, the BLAs between Morocco and the EU aim to achieve the same goals by explicitly encouraging legal immigration to combat irregular immigration, foster short-term immigration, and ensure return. It also tries to restrict permanent immigration to highly skilled jobs.

THE FRANCO MOROCCAN AND HISPANO MOROCCAN BILATERAL LABOR AGREEMENTS

The BLAs between France and Morocco were built on four agreements:

- The Labor Convention of 1963 (convention de main d'oeuvre), which transformed Morocco to be a labor supplier for France. The Moroccan Parliament's ratification was not mandatory.
- The Agreement on Stay and Employment (Accord enm'tiere de se jour el d'emploi) of 1987 which concluded the 1963 agreement and incorporated provisions covering French citizens working and living in Morocco. The agreement was approved by the Moroccan Parliament on September 10, 1993, and fully implemented on January 1, 1994.
- The Agreement on Young Professionals Exchanges of 2001 (Accord relatix au exchange de Junes professionals) participants are usually younger than 35 years old. This agreement can be seen as insignificant given the low number of annual authorized French workers (300 French and Moroccan in total), but it is of political importance. Moroccan Parliament ratification was not required.
- The General Convention on Social Security of 1965 (Convention general de Securite Sociale), which has been replaced by the 2007 version and became fully implemented on June 1, 2011.

SPANISH MOROCCAN BLA

Up to the 1980's, Spain was classified as an emigration country, and the BLAs by Spain with European and South American countries addressed the return of Spanish workers, but a shift took place as Spain became an active member of the European community in 1986. In April 1991, the Spanish House of Representatives recognized Spain as a country dealing with immigration (Marquez Domiquez et al. 2009). Since that moment, immigration issues have appeared on the political and public agenda and have gradually been affected by fierce

parliamentary and regulatory actions. The Spanish legislation has been influenced by the European agenda and other member states' experiences. Nevertheless, the condition induced by geographical location and labor market demand is different from that of France, which was mainly concerned with its established post-colonial framework.

The Spanish geographical location defines the cooperation between Morocco and Spain. Such geographical proximity has produced intense regional migration systems that highlight the demographic differences between Spain and Morocco, which is a structural prerequisite for increased immigration to Spain (Finotelli, 2012).

The BLAs that were entered between Spain, Columbia and the Dominican Republic have evoked cultural and historical ties that link them to Spain. However, the setting is different in the case of BLAs with Morocco. The BLAs between Spain and Morocco fundamentally address the labor deficiencies and extreme fluctuations of labor mobility. Hence, the BLA's between Spain and Morocco are a pragmatic solution to the labor market demand, even though they lack some of the uniqueness that BLAs between France and Morocco exhibit in terms of negotiations and enforcement. The Spanish approach towards Moroccan labor migration is less distinguished. BLAs, in the Spanish case, are intended to manage labor movements using cyclical and ad hoc strategies and are mostly seen as political tools to stabilize political tension.

BLA AS A RAPID AND FLEXIBLE RESPONSE TO PRESSING LABOR MARKET NEEDS

In the 1990s, several stakeholders, including the Spanish Federation of Employers' Organizations (CEOE), emphasized the need to establish procedures aimed at giving foreign workers quick access to the Spanish market. The mechanism addressed entrance quotas, and the government was amenable, adopting in 1993 a new instrument known as "contingent" in addition to the current system. The "conditional" clause established the yearly entrance quota of non-EU

workers permitted into Spain depending on labor market demand as well as the nationality of the people the offers would employ. In addition, it highlighted the kinds of occupations that can be filled by immigrant labor. Thus, in 1995, 4,500 seasonal farmer posts were earmarked for Moroccans and 1,000 for other nations (Dominquez, Marques, and Delgado 2009). Prior to 2009, the "conditional" strategy was criticized as a pretext to normalize illegal migrants in Spain rather than allowing migrants from other countries (Cachon, 2009). The "contingent" approach avoided the tedious recruitment process. By regulation of the organic law (Ley organica, LO/4/2000, authorized by Royale Decree No. 864/2001), "contingent" was first utilized as a means of attracting persons from outside the country.

Articles 78 and 79 detail the regulations for periodic permissions. In 2002, the "conditional" program was no longer governed by nominal employment offers, but rather by ad hoc general demands given by industry leaders. In 2004, the amendment of LO/4 redefined the term "contingent" to emphasize the interdependence of many immigration-related policy domains, including the management of normal migration flows and the fight against irregular migration. It is recognizable that BLAs between Morocco and Spain are a byproduct of geopolitical dimension. The cost of deviation on the agreements was directly managed by diplomatic obligations. The conflicts over the Canary Islands, Ceuta, and Melilla, as well as the Western Sahara, are a source of contention between Spain and Morocco, and the delimitation of fishing grounds has always been a factor in the political climate of the Spanish enclaves. The Moroccan sovereignty claim is consistent and tied to events or anticipated reciprocal connections (Gonzales-Enriquez and Reynes, 2010).

Morocco’s access to Europe’s agriculture market created intense agricultural competition. The Deep and Comprehensive Free Trade Agreement (DCFTA) is recognized by Morocco and

the EU, but since the products of Moroccan agriculture are similar to Spanish products (fruits and vegetables), the previous agriculture agreement and discussion on fisheries created an environment of mistrust and rivalry (Delpino 2002). However, the change in the political structure in Spain did relieve some of the tension between Spain and Morocco. Hence, the implementation of BLAs was easily enforced when the ruling left political party returned to power in Spain (Psoe, Partid Socialist Obrero Espanol). At times, the political tension and turmoil made it impossible for Morocco to recruit workers, forcing the labor agreement of 2001 to become useless, especially after a series of political pressures and suspension of diplomatic ties. Morocco decided to unilaterally halt the agreement during the process of selecting 20,000 workers in 2002 (Marrero Rocha 2005). Even though Morocco was the first nation to utilize BLAs with Spain, cooperation on labor management remained equivocal until favorable political circumstances emerged, including solid diplomatic ties and a fight for Spanish businesses in Eastern Europe to attract workers. Last but not least, the AENEAS program's financial and political support for yearly migration (Plewa 2009).

The improving political climate in 2004 led to the approval of the labor agreement and the reactivation of the re-admission deal from 1992. The readmission program has been the most sensitive during times of uncertain diplomatic relations. Yet Morocco and Spain remain conflicted over the fisheries and the Moroccan rejection to allow Spanish boats access to their water unless financial compensation is received. Until 2004, only Moroccan nationals were readmitted, and other nationalities from sub-Saharan countries were rejected as stipulated in the agreement. Moreover, most of the re-admissions are evaluated on a case-to-case basis and not as collective entries as once previously agreed, because Morocco allowed foreign nationals who

crossed illegally into its territory to pass through to Spain. Finally, the agreement came into force in 2012, almost 20 years after its inception.

FRANCO-MOROCCAN COLLABORATION FROM THE POST-COLONIAL RELATIONSHIP

Europe's economic expansion was the key motivator for Moroccan emigration. During the years 1963 to 1974, Morocco negotiated many agreements with several European nations, including the French agreement (1963), West Germany agreement (1963), the Belgium agreement (1964), and finally the agreement with Netherlands (1969). However, the bulk of labor emigration went to France. France had already joined BLAs during the colonial period (1945–1974), after which the number and breadth of the procedures grew. Clearly, labor agreements are intended to include provisions for recruitment and work permits, but they must also comply with and operate within a specific regulatory and legal framework that addresses immigration issues, Included in the code for admission and residence status for foreigners and the asylum statute CESDA.   Algeria and Tunisia are the two exceptions to the norm. Since 1968, Algeria's admission has been restricted, while Tunisia's entry is somewhat governed by bilateral agreements (ICI Huititem Raport 2011).

The first labor agreement implemented by France between 1945 and 1974 was based on historical and cultural ties to former colonies and protectorates in an effort to meet labor market demands and reduce informal recruitment. Correspondingly, the 1963 Franco-Moroccan agreement had three primary goals: to increase worker mobility after the "access" to the first legal code of French immigration, mandate no.45-2658, which had permitted illegal recruitment; Secondly, to meet the economic needs of the post-World War II industrialization recovery; and third, to seek French dominance over its former colonies and protectorates.

In the 1980s, the second phase of bilateral agreements aimed to reconstruct the initial post-colonial accords by concentrating on integration difficulties and building a more limited framework for entry to the labor market. Similarly, the new bilateral agreements on migration initially targeted French-speaking nations, but as they are also negotiating with non-Francophone countries, they nevertheless prioritized a broader range of migratory concerns, including labor.

BLAS TO REGAIN CONTROL OVER MIGRATION

After the conclusion of World War II, a new cycle of immigration based on the aftermath of colonial independence began in France and concluded in May 1974 with the official halt to the recruitment of foreign workers. Recruitment during the post-colonial era enabled non-Europeans access to the French labor market, followed by total immigration based on the premise that economic restoration required a great number of workers. The post-colonial reconstruction era redefined identities and territories as a direct consequence of the post-colonial independence struggle and highlighted the increase of the intra-European free movement system.

Starting from 1945 until 1974, the legal structure was steady as it was established by legislation No. 45, which rested on two pillars: First, a security strategy dependent on collective repatriations of labor via the establishment of the National Immigration Office ONI (Office National de l'Immigration) which is managed by Ministry of Labor and had the sole authority to recruit and promote admissions. The second pillar was population administration (Spire 2005). Nonetheless, the rule permitted an excessive number of legal loopholes, allowing the informal recruiting process to remain. Unquestionably, the government monopolized the process via the ONI, which has been swiftly challenged by the ONI's cumbersome administrative processes and the inefficiencies of recruiting procedures, which hindered business and political leaders (Gastaut 1999).

Companies bypassed the ONI and hired directly in the country of origin due to the inefficiency of the recruitment process. According to some observers, the significance of the intake of foreign workers is a direct result of fragmented authority control over migration, which fostered a regular movement of labor and is accountable for the present legal labor immigration challenges (Viprey 1998). Since 1948, the ONI has conducted a widespread formalization of recruiting practices outside of official norms (Milza 1988). The deviation from immigration policy fostered innovative methods that progressively displaced the ONI-established legal immigration requirements (Viet 1998). In Morocco, for example, the ONI conducted seasonal recruiting for agricultural areas, whereas French enterprises recruited directly and informally via their networks in Moroccan communities (Belbah and Veglia 2003). The 1963 accord emerged from these fundamental factors. As governments strive to limit the participation of non-state players in the recruiting process to regulate the entry of workers into their territory, bilateral accords that assign the state power over foreign labor concerns are likely to be strengthened.

BLAS AS A TOOL TO MAINTAIN POST-COLONIAL HISTORY AND CULTURAL TIES

At the conclusion of WWII, a new wave of migration started in France, prompted by the aftershock of colonial independence; this cycle concluded in May 1974 with the official halt to the recruitment of foreign workers. At the conclusion of the war, a new wave of migration started in France, prompted by the aftershock of colonial independence; this cycle concluded in May 1974 with the official halt to the recruitment of foreign workers. However, that wave of migration allowed many non-European foreign workers access to the European labor market; rationalized by the hunger for labor for reconstruction after World War II. Also, the post colonization period expressed a new movement to redefine identities and territories, which culminated during the 1950's and 1960's. During the period (1945-1974), the legislative

framework was consistent and derived from Law No.45, which was founded on two logics: security, labor creation. Although France recently experimented with a tiny supply-side approach with the 'Skills and Talent' card (Carte Compétences et Talents), its current admissions policy is demand-driven (Devitt, 2012). The admission of non-EU employees is contingent on the availability of employment opportunities, and the prospective employer must demonstrate that no French native or legal foreign resident is available to fill the position. The 2006 law on immigration and integration reaffirmed the importance of a prior assessment of the national employment status and established a list of 30 sectoral and local occupational shortages open to foreign workers from outside the EU; this list is also exempt from national employment status checks. Although France recently experimented with a tiny supply-side approach with the 'Skills and Talent' card (Carte Compétences et Talents), its current admissions policy is demand-driven (Devitt, 2012). The admission of non-EU employees is contingent on the availability of employment opportunities, and the prospective employer must demonstrate that no French native or legal foreign resident is available to fill the position. The 2006 law on immigration and integration reaffirmed the importance of a prior assessment of the national employment status and established a list of 30 sectoral and local occupational shortages open to foreign workers from outside the EU; this list is also exempt from national employment status checks. Skilled workers, such as executives and strategic positions, can also apply for priority employment exemptions. The nature of residency (permanent or temporary) is also dependent on the bilateral labor agreements, which had been negotiated with former colonies and protectorates who influenced the type of work profile and the admittance procedure, and status change. For instance, the 1963 bilateral labor agreement impacted the labor force by allowing recruitment overseas and then receiving Moroccan workers to support the growing economy. Moreover, the

1987 bilateral agreement affected permanent immigration, by providing priority clauses for family reunification. The BLAs offered employees a work contract that may be converted to a long-term residence permit with a ten-year lifespan and is subject to renewal for another ten years; after three continuous years of residence, as opposed to the usual procedure that takes five years. Recognizing that a long-term residency permit liberates employees from job monitoring and enhances their social integration, the France-Morocco Agreement of 1987 offers a steady approach and provides employment prospects for Moroccan workers in France.

PRIVATE ACTORS MEDDLING IN THE MANAGEMENT OF MIGRATION AND MOBILITY OF WORKERS

Morocco and France are making progress within the conventional framework of bilateral agreements. While bilateralism operates officially within a certain framework, high-level policies, and political rhetoric, a new dimension in Franco-Moroccan ties is autonomously growing, beyond conventional political and diplomatic contacts. It increasingly relies on the activity of individual and collective actors who have modified bilateralism by extending and restructuring official and informal channels to create new structures. Numerous external forces might compete with bilateral agreements and undermine or diminish their effectiveness. Other bilateral responsibilities, EU free movement alliances, and country immigration systems are examples of such considerations. The intense engagement in informal and private arrangements, which changed and redefined state collaboration on labor problems, had the greatest influence on bilateral labor accords. However, since bilateral labor agreements remain a state-centered process, it is essential to recognize that the elements that influence the effectiveness of migration policies also tend to influence BLAs as a specific tool for labor migration (Castle 2004).

Social issues resulting from transnational networks (families, diaspora community) and globalization, as well as transfers to other areas such as international trade, have produced an informal system that counterbalances migration policies, including bilateral labor agreements. This is evident in the old French-Moroccan connection, which has lately been reinforced by commercial transactions and the new Moroccan partnership with the European Union. These ties are interconnected by a variety of agreements amongst players, which has resulted in a complicated struggle between non-institutional and institutional actors at the bilateral and multilateral national levels. Private actors have a significant impact on labor migration because they may exert more control over worker recruitment. As when Spanish companies convinced the Spanish government to let its "experimental program" of seasonal workers outside the official bilateral agreement with Senegal and the Philippines (Plewa 2009).

Because bilateral labor agreements are subject to several limits and are also opposed by the efforts of numerous private players that interfere in the selection, training, and recruiting of employees, governments have fewer roles in shaping the political character of bilateralism overall. In addition to agreements between labor unions from various countries, the process is rapidly transferring to corporate or multinational entities. As stated by the Moroccan minister of foreign affairs in 2009, our connection [with France] is no longer the sole province of political authorities, but of economic, non-governmental organizations, national representation, intellectual, Moroccan, and French communities in France and Morocco. Is the agreement technique more suitable for addressing migration concerns and successfully managing the process? Due to "the scarcity occupation list" and ad hoc entry limits, the treaty might grant preferential access to employees from supporting countries. However, because legal migration is small and many of them already exist in the immigration system, using the skilled talent

technique is restricted to Zone de Solidarité Prioritaire (ZSP) countries and is not unique to bilateral agreements.

Focusing on the shortage list of vocations is advantageous and most likely to influence skilled employees in Morocco. Bilateralism on immigration matters is becoming more decentralized and polycentric (Panizzon 2011).

DIMINISHING IMPACT OF CO-DEVELOPMENT LEVERAGE

Co-development, rebranded Solidarity Development in 2008, is based on official development aid (ODA) and is seen as a key factor in expanding migratory movements; it aims to reduce poverty in sending nations by supporting local development and other social and economic initiatives. Solidarity development encompasses all development measures undertaken by immigrants, local and national governments, civic society, and corporations. Solidarity development is distinct from the co-development model, which is focused on immigrant involvement. As a result, it may improve migrant flow management via the structural partnership agreement Cardre de Partenriat, which was approved in 2006 and allowed Morocco to collect 377 million euros in French official development funding.

Furthermore, the French Development Agency struck an agreement to encourage sectors' growth, such as agriculture. A total of 831 million euros was allocated to agricultural and industrial initiatives. Because of France's significance, Morocco is a participant in this system without having to negotiate a reciprocal immigration management agreement. Morocco, unlike Tunisia, has yet to ratify the Unified Immigration Management Convention. Morocco must sign a contract providing about 40 million euros for professional development over three years to receive official support from the Solidarity Development Program. Due to public budget constraints, it seems likely that France will not be able to finance these projects under the current

circumstances. Morocco became a significant EU partner with an interest in signing a mobility statement after becoming a full member of the Euro-Mediterranean agreement in March 2007. The EU recognizes Morocco's position in the Maghreb according to the EU action plan for 2013-2017, which encourages Maghreb economic integration in Africa and the greater Mediterranean basin. The EU Action Plan for Morocco was established in 2005 as a tool of European policy (European Neighborhood Policy 2004). It was more than a 2008 mutual commitment to strengthen bilateral relations to advanced status and a more comprehensive strategic plan for the whole area from 2013 to 2017. It was created to act as a technology bridge between the EU and the Mediterranean, including security, economic, and political cooperation on several levels. Morocco had a pre-accession condition with the EU, which represented the EU's aspirations for Morocco, including the need to retain capacity and reform commitment for Morocco under the differentiation principle.

Morocco's claim to privileged status was aided by the idea of difference, which is unique to EU membership. This principle defined Morocco from the start of the association agreement, but the new vision presented in March 2013 under the European Neighborhood Policy (ENP) acknowledged additional components such as human rights protection, democracy, civil society, and, finally, education and justice. The 2011 EU 2011 discussion on migration, mobility, and security produced the most comprehensive and extensive migratory cooperation system between the EU and its neighbors. "The EU is prepared to continue its aid to all its neighboring nations that are willing to commit to democracy, human rights, good governance, and the rule of law, and to build a partnership with these governments to achieve people-centered development" (EU 2011).

Democracy has been the bedrock of our bilateral relationship with the EU. The EU acknowledged Morocco's modernization and democratic transition during the seventh meeting of the EU Morocco association in 2008, and the government sought greater help from the EU. In early 2010, the Moroccan parliament requested EU recognition as a "status" of cooperation for democracy, which was granted on June 21, 2011. To share the advantages of European experience, the EU supports "status" for institutional partnership with third-country parliaments in the EU's surrounding area (resolution 1990 2009).

INTERNAL STEPS TAKEN BY MOROCCO TO COLLABORATE WITH THE EU

Since the Arab Spring, democracy has become a collaborative instrument. The EU addressed the political events of the Arab Spring in its 2011 discourse on a global approach to migration (EU, 2011), confirming the need for a coherent uniform approach on migration that is beneficial to all by formulating relations and consolidating democracy: the faster a country advances in its internal reform, the more support it will receive from the EU [....] for countries where reform has not begun, the EU will reconsider or even reduce funding (Eu, 2011). As part of its broader neighborhood strategy, the EU has replaced migration and security with democracy and stability. Morocco benefited from this replacement as a result of its unique transition and was in a position to leverage this circumstance to play a significant role in the new environment (the national indicative plan of 2013). The EU intends to use Morocco as a model for another Mediterranean partner while also enhancing Morocco's administration's credibility. This requirement is advantageous for Morocco; it also integrates Morocco into the EU internal market and aligns EU regulations and standards.

Morocco was requested to act against unlawful flows of illegal migration because of being recognized in a neighborhood partnership. In 2010, three agreements were signed: one on

Morocco's involvement in European initiatives (for example, customs), one on agriculture and fisheries, and one on commercial litigation. Allowing Morocco to be the first recipient of money from the European Neighborhood and Partnership Instrument (ENP), placing Morocco in a unique position for future integration projects.

The domestic policy of Morocco is predicated on the notion of strengthening the economy while starting to take more serious action against illegal migration. Building on the previously agreed approach against illegal flows from Sub-Saharan Africa, both of which are deemed irregular migration and have fostered persistently unfavorable attitudes and restrictive EU regulations. In fact, Morocco made a shrewd political choice some years ago to separate immigration and emigration problems, focusing on immigration concerns (flows from Sub-Saharan Africa) to temporarily mitigate the most sensitive parts of its illegal exodus.

The EU Mobility Partner (MP) helps Morocco detect and restrict irregular migration, including smuggling and trafficking. The priority of the Moroccan authorities is the readmission of illegal EU arrivals from foreign countries passing through Moroccan territory. According to the EU, "the implementation of the partnership is contingent on a genuine commitment to readmit irregular migrants" (European Union, 2011, p. 17). The EU sent the topic to a secondary phase of negotiation to facilitate the MP's signing with Morocco after thirteen years of diplomatic effort (Belguendouz, 2013) by means of subcommittees, working teams, and substantial readmission funding. Since then, discussions have focused on increasing legal migration via existing temporary migrant pathways, putting EU security concerns aside. Prior to the 2011 migration discourse, all progress reports on the implementation of the European Neighborhood Policy in Morocco often emphasized readmission.

Clearly, the EU has altered its position on Morocco. On the one hand, after thirteen years of diplomatic activity (Belguendouz, 2013) via subcommittees, working teams, and hefty spending on readmission, the EU transferred the topic to a secondary phase of discussion with Morocco to facilitate the signing of the MP. On the other hand, conditions and power dynamics have shifted, compelling the EU to reevaluate its goals in Morocco. According to a message issued by the European Commission in October 2008, mobility partnerships are intended to "transition from a security-centered strategy, focused on decreasing migratory pressures to a more open and balanced one" (European Union, 2008). With the GAMM (Global Approach to Migration and Mobility) and the 2011 discourse on mobility, migration, and security, the true change occurred in 2011. Since then, the debate has centered on promoting legal immigration through established temporary immigration routes beyond EU security concerns. Prior to the 2011 debate on migration, all progress reports on the implementation of the European Neighborhood Policy in Morocco routinely referenced readmission. After then, re-admission is no longer referenced, at least not in the previous terms. Additional Review of the Country Strategy states that if Morocco concluded a re-admission deal, funding assistance for migration concerns would rise. This permitted the parties to expedite discussions on other migration problems, deferring the re-admission agreement to a second phase, which resulted in the signature of the MP in 2013.

MUTUAL INTERESTS: TARGET TEMPORARY LABOR MIGRATION

The EU-Moroccan Mobility Partnership (MP) devised measures to guarantee the efficient management of labor migration. The representative made a clear distinction between migration and mobility. It is a way to redirect the political debate to a shared neutral ground. Mobility is the seed with specific economic migration, skilled labor and temporary workers also sharing

economic interest which should not exploit security concerns that were once linked to migration. In that sense, the EU Moroccan mobility partnership follows the strategy, which was implemented by the European Commission to avoid a political quagmire during The Hague program 2005-2010. This scheme differentiated between chain and permanent migration and addressed issues of irregular migration. The Moroccan-EU mobility partnership supports mobility more than migration, with a clear purpose of creating a free movement zone, where irregular migration is fought, and only a specific class of workers are permitted access more easily. Shared economic interest and targeting irregular migration is recognized as a positive. It can facilitate the adoption of plans such as pension rights and training and ensure cooperation between Morocco and member states. Despite the fact that the Moroccan EU mobility partnership provides access to labor markets through measures such as job matching and training, it does not grant systematic access to the national labor markets as quotas do because this is still a nationally specific issue. On the other hand, French and Spanish bilateral agreements provide access to the labor market. It is always true that immigration is the driving force behind any bilateral agreement. Modern labor migration's complexity requires international collaboration to strengthen governance and defend migrants' rights. Cooperation is multinational, regional, and national. Several forms of bilateral agreements manage labor migration. These agreements benefit both nations' interests: managing migration flows legally and preserving migrant workers' working and living circumstances. Formal agreements establish each party's commitment to ensuring migration follows agreed-upon standards and processes. Since it is non-binding, a Memorandum of Understanding (MOU) is the most common kind of bilateral agreement. These contracts are easier to draft, implement, and modify in response to changing economic and labor market conditions. Bilateral labor agreements (BLAs) between the country

of origin and the nation of destination may protect the rights of migratory workers. Whether seasonal workers, low-skilled labor, or high-skilled labor, bilateral agreements aid destination nations in addressing labor market skill gaps.

THE FORMAL MECHANISM OF BILATERAL LABOR AGREEMENTS

Formal mechanisms of interstate participation are believed to be legally binding accords on labor migration cooperation negotiated at the bilateral, regional, and international levels. Numerous types of formal bilateral labor agreements are also interconnected. For instance, regional or international agreements will impose specific obligations on contracting parties to cooperate, as is the case in most regional and international treaties addressing and protecting social security benefits. According to the Model Agreement of the International Labor Organization (ILO), parties to BLAs should, if feasible, include the following in their agreements: A clear path for the transmission of information between the territory of immigration and the territory of emigration, ensuring that both sides agree on the basic documents' migrants need. They are responsible for ensuring that all administrative criteria are satisfied so that the relocation process is as transparent and efficient as possible. In this regard, an agreement on how to resist propaganda and ensure that no fraudulent immigration and emigration propaganda is permitted is also essential. Parties should determine the procedures for the recruitment and placement of migrant workers, the selection and medical evaluation of workers, the assistance of migrants upon arrival in the country of destination, the exchange of trainees, and the education and vocational training of labor migrants. The parties should recognize the movement of funds between the country of residency and the country of origin of migrant workers. This pertains to the money necessary to initiate settlement, send funds back to the migrant's family, and acquire foreign currency. The parties to an agreement must specify the

criteria governing the migrant's stay in the country of destination. This includes control of living and working conditions, access to the courts, the right to equal pay, union participation, school admission, and leisure and welfare activities. In addition, parties should ensure that migrants have access to food, shelter, social security, trade, and property ownership. The parties must specify in the agreement the requirements for employment contracts and the way migratory workers will receive them. In addition, they must agree on social security provisions for migratory workers and on a plan for job stability. The contract must also include provisions for replacing personnel in the case of a necessary employment change. Finally, the parties must agree on the criteria and method for the obligatory repatriation of migrants (whether compulsory or voluntary). The ILO also urges parties to develop agreements against double taxation of migratory employees. Obviously, it follows that parties to a BLA should discuss collaboration and communication during the duration of these agreements' validity. Thus, contracts must include both the length and the notice time for termination. If required, they may also decide the terms of the agreement, which can stay in effect after the agreement's expiry or cancellation. n addition, the agreements must be evaluated within the context of other labor standards applicable to migrant workers, such as those controlling domestic workers and private employment agencies. Although this document is non-binding, it takes a rights-based approach to labor migration governance.

INCREASED MOVEMENT TO EUROPE AS RESULTS OF BLAS

Europe is a prominent destination for Moroccan migrant labor. In the second part of the 20th century, Morocco became one of the major emigration nations in the world (Hein de Hass 2006). Compared to other North African countries, it has the largest number of migrants. Amongst non-Western immigrants, Moroccans make up the largest and most scattered non-

European community in Western Europe. Egyptian migrant laborers in Europe account for less than 5 percent of all Egyptian labor migrants (Francoise De Bel-Air, 2016). According to data from Moroccan consulates, there is an increasing desire to leave. Moroccans residing abroad climbed by 9.9 percent each year on average from 1993 (1.5 million) to 2012 (3.4 million), while the rate of growth in the Moroccan population was 2.2 percent. 90.6 percent of Moroccan living overseas are in Europe with the highest concentration in France 35.4% followed by Spain 19.9% and Italy 14.4% (Morocco Migration Profile). The largest destinations of Egyptian labor migration are the Gulf Cooperation Council (GCC) and other Arab states, with 204,814 migrants, the majority of whom reside in Italy, Greece, the United Kingdom (GB), and France. According to another report, just 2.2% of Egyptian migrant workers in Europe are Egyptian (Wahba 2010). Even though Europe is not a prominent destination for Egyptian migrant labor, Egypt and European countries have signed various accords. Egypt has inked BLAs and memorandums of understanding with several European states, including Bulgaria, Italy, and Greece. The BLA between Egypt and Bulgaria was signed in 1972 and has 14 clauses. According to clauses 4 and 6, respectively, the agreement with Greece was signed in 1981 and focuses more on work rights, whilst Bulgaria is more concerned with ensuring equitable living circumstances.

In November 2005, Egypt signed one of the most substantial BLAs with Italy. The agreement was ratified and followed by a protocol for implementation and a memorandum of understanding, which are mentioned below. The actual agreement with Italy has twelve sections, some of which pertain to the implementation protocol. Italy's agreement, like the previous two countries' agreements, requires both parties' competent authorities to cooperate in controlling migrant labor movements in accordance with labor market demand and supply. Contrary to the agreements with Greece and Bulgaria, Italy's BLA mentions the sending state's obligation to

guarantee migrant workers don't threaten the receiving state's security and public order. Le protocole d'application, signed alongside the agreement, elaborates on the executive implementation processes. It explains Egyptian employment restrictions in Italy. The contract highlights the necessity for an ongoing, transparent sharing of labor market information between Egypt and Italy. The major European allies of Morocco are Spain, Italy, and France. Among the labor agreements with Spain is a residency and employment agreement agreed in Rabat on February 6, 1996 and put into effect on March 3, 1997. The agreement covered residency permits and reciprocity, and on September 30, 1999, in Madrid, a supplemental administrative agreement regarding seasonal Moroccan employees in Spain was signed. On November 21, 2005, Morocco and Italy reached an agreement to recruit Moroccan migrant labor. This agreement regulates and coordinates labor flows between the two countries via respective competent authorities that "encourage the recruitment and integration of nationals of the other party into the internal labor market" if the domestic labor supply is insufficient to fill vacancies. The French-Moroccan Labor Convention of 1963 designated Morocco as France's recognized source of labor. The 1987 Agreement on Stay and Employment, which superseded the 1963 Convention, establishes conditions for French nationals and Moroccan workers. The non-parliamentary ratification was agreed on 10 September 1993 and went into effect on 1 January 1994. The goals of the Franco-Moroccan Accord of 1963 were to reduce employee fraud and irregular employment. Increase bilateral collaboration to meet the requirements of France's economic growth. It was an administrative reappropriation of immigration control, a technique to enhance legal labor mobility, and a typical foreign policy weapon. The Agreement on the Exchange of Young Professionals is the foundation of migratory cooperation between France and Morocco.

Table 1 The Agreements

Country	Country	Agreements
Egypt	Bulgaria	Egypt-Bulgaria Agreement of 1972
	Italy	Agreement on Cooperation in the Field of labor Migration of 28 November 2005
		Protocol on the Implementation of the Agreement on Cooperation in the Field of labor Migration of 12 May 2009
		Memorandum of Understanding between the Ministry of Employment of Italy and the Ministry of Manpower in Egypt on Cooperation in the Field of labor Migration
	Greece	Agreements on Strengthening the Cooperation in Relation to Employment of 18 April 1981
Morocco	France	The labor Convention of 1963
		The Agreement on Stay and Employment of 1987 which completed the 1963 Convention
		Exchange of Young Professionals 2001
	Spain	Morocco-Spain Agreement on labor of 25 July 2001
		The Framework Partnership Agreement between The Moroccan National Agency for the Promotion of Employment (ANAPEC)and the Municipality of Cartaya of July 2006

TRANSPARENCY AND QUALITY OF THE BLAS

While the substance of the agreements that outline the rights and duties of all parties is crucial, their true value is in whether the script is accessible to the public and conveyed to them. Italy and Egypt signed a Memorandum of Understanding (MOU) on November 28, 2005, which includes a provision to ensure the visibility of their agreements. Article 13 of the Memorandums of Understanding, reads, "The contracting parties assume the obligation to distribute information on their national territory about the terms of this Memorandum." This does not, however,

guarantee accessibility for common migrant workers or their employers. The briefing of both parties on the key aspects of the agreements is becoming increasingly crucial. Leaflets, pamphlets, and pre-departure training materials are not frequently created throughout the evaluated agreements. Unfortunately, there are few indications that such directions have been adequately implemented in any of the three nations. In addition, the internet accessibility of the agreements is low. This has been a serious flaw in the execution of several agreements. It has been noticed that potential participants are unaware of the program; hence, is challenging to contact the receivers.

Both the Agreement on the Exchange of Young Professionals between Morocco and Germany and France and Morocco include the same disadvantage. Participants in these mobility agreements had restricted capacity due to a lack of knowledge about these agreements. Egypt's agreements with Greece, Bulgaria, and Italy provide that the receiving governments must guarantee that migrant workers have the same rights and advantages as their own citizens. The agreement with Greece focuses on employment rights, while the agreement with Bulgaria focuses on ensuring equitable living circumstances. In Article 7 of the agreement with Italy, the equal treatment provision specifies that "migrant employees have the same rights and protection as workers who are citizens of the receiving state, including social security in line with the receiving state's rules." Similarly, Morocco's agreements are based on the principle of reciprocity. For instance, Article 8 of the agreement struck with France in June 1963 states, that "Moroccan employees on French territory have the same sanitary conditions, security, housing, salary, paid leave, and unemployment benefits as French workers." Inasmuch as they guarantee equitable treatment, these laws also pertain to wage protection measures, employment contracts, workplace protection, and social protection. The agreements between

Egypt and Greece, Bulgaria, and Italy provide that the recipient governments must ensure that migrant workers have the same rights and privileges as their local counterparts and are treated equitably.

Most contracts do not address the requirement to cut expenses or avoid recruiting misuse. This is the case even though high recruiting fees often result in huge debt loads and the erosion of savings and remittances, which adversely impact the countries of origin, the countries of destination, and the migrants themselves. Frequently, the agreements did not contain "ethical recruiting" nor "ethical practices" within the contractual language. This does not imply that every agreement violates this premise. According to article 5 of the BLA agreement between Egypt-Bulgaria of 1972, it is the obligation of the receiving nation to provide employees with entrance permits at their own cost and to pay their travel expenses. Article 5 of the Egypt-Italy Memorandum of Understanding stipulates Egyptian applicants will incur no costs throughout the selection process. Article 6 provides that applicants are exempt from paying for training courses.

ADDRESSING GENDER CONCERNS AND WAGE PROTECTION MEASURES

Many of the observed contracts failed to address gender issues. The absence of gender-related legislation is a worldwide phenomenon. The framework partnership agreement between the Nationale de Promotion de l'Emploi et des Compétences (ANAPEC) in Morocco and the Municipality of Cartaya, Spain, which was previously mentioned for including specific wage criteria, includes stringent standards on the selection criteria for seasonal migrants, such as being under the age of forty, being mothers, and having the permission of their husbands. The agreements between Egypt, Bulgaria, and Greece specify the transfer of wages, savings, and insurance benefits from the agencies of the destination countries. The agreement with Italy allows for the repatriation of earnings and savings to the nation of origin. All of Egypt's

agreements stipulate the transfer of savings and remittances from the country of destination to the country of origin.

The agreements were analyzed to see whether they included specified wage conditions, such as the minimum wage, compensation for overtime labor, permissible deductions, payment date, receipt issuance, and payment. With the exception of the framework agreement between ANAPEC and the Municipality of Cartaya (between Morocco and Spain), none of the contracts examined in this research have such terms. For instance, the agreement between Morocco and Spain stipulated, migrant employees would gather strawberries for three months at 32.45 euros per day, and the company would provide housing.

The last criterion for evaluating bilateral agreements is the degree to which they cover the whole migration process. This indication indicates if the agreements cover the whole migration cycle (pre-departure, working overseas, and return and reintegration). Some BLAs have established norms for going home and reintegrating into society in order to enhance the development results of their home nations. Several agreements in this context stress returnee reintegration aid via "remittance facilitation, skills training suited to the needs of the country of origin, and financing for return-focused programs" (ILO 2017).

SOCIAL DIALOGUE INVOLVING RELEVANT STAKEHOLDERS

Migrant employees often encounter obstacles regarding social security coverage and eligibility for benefits that local worker do not. Generally, the concept of territoriality, which restricts social security rights to the territory of a nation, is the impediment to social security benefits. In addition, the nationality concept prohibits foreign nationals from receiving any benefits. Although such discriminatory policies are prevalent in several nations, few governments totally restrict foreigners' access to social security. The absence of bilateral or

international social security agreements might also contribute to discrimination. Employment-acquired social security rights are preserved and enable the transfer of benefits from the host nation to the home country.

The Egypt-Italy Agreement of 2005 is an example of an agreement that encourages social exchange among governmental actors, corporations, labor unions, and institutions in order to facilitate operations pertaining to the selection and training of migrant workers. This is the only contract that has been assessed that has social involvement requirements. The absence of communication between governments and social partners with civil society organizations and migrant advocacy groups hinders the development of social discourse. Therefore, more resources are needed to develop genuine social communication skills. The Moroccan and Egyptian social security accords apply to the choosing of partner states for bilateral agreements. Even though they have signed social security agreements with most of the countries where their migrant workers would reside, the number of agreements is inadequate. For example, Italy is a popular destination for Egyptian and Moroccan workers alike. Egypt and Italy have no bilateral social security agreements, and Italy has not joined the Morocco-Italy Agreement. Other major countries for Morocco are the United Kingdom (which hosts 26,000 Moroccan migrants), Switzerland (about 10,000 migrants), and the United States (roughly 35,000 migrants), all of which refuse to bargain on the social security of migrant workers.

MAJOR GAPS IN AGREEMENTS

All assessed agreements lack provisions on the recognition of talents and credentials in the country of destination, as well as processes and dispute resolution procedures. This is hardly unexpected considering the rarity of such provisions in labor mobility agreements worldwide. In addition, the BLAs in the area lack a cohesive emphasis on the rights of vulnerable migrants.

Examining these agreements indicates that just one of them addresses irregular immigration. The agreements do not cover all vulnerable categories of migration. In Article 16 of the Morocco-Spain Bilateral Agreement (BLA) of 2001, it says that the Moroccan and Spanish governments shall improve cooperation in migration management, with an emphasis on labor legislation, to prevent the illicit exploitation of Moroccan migrants.

LACK OF AWARENESS

Migrants are excluded from the applicability of these agreements, which is a significant constraint. In other instances, migrants are unaware of the specifics of these agreements. A further drawback is that many of these agreements need revisions. Consequently, it may be argued that certain contracts are based on old and obsolete information. For instance, the 1968 agreement between Belgium and Morocco, for instance, does not provide medical treatment for returning retirees and their families in Morocco. This deficit is rectified by a 2014 agreement between Morocco and Belgium that specifies the transfer of pensioners' family benefits to Morocco. This agreement has not been repealed and replaced since the 1968 agreement has not yet been authorized.

LIMITATION ON BENEFICIARIES AND BENEFITS

Some worker categories and benefits may be excluded from bilateral social security agreements. Many agreements, for example, fail to account for self-employed workers, who make up a significant proportion of Moroccan migrant workers. Another key problem is that these contracts do not include seasonal labor. In terms of benefits, these agreements do not address the transfer of non-contributory benefits in a systematic manner. Even though Morocco and the Netherlands have signed and ratified a social security agreement. However, in 2014, the Dutch parliament voted a motion against the yearly agreement. This modification states that

Moroccans working in the Netherlands must continue to reside there to continue receiving benefits. On January 1, 2016, a new agreement entered effect, and the decision to terminate the deal was void. Among the 22 provisions of the Egypt-Morocco agreement are sickness, maternity, old age, death, work-related injuries, and occupational illnesses, but not family changes, unemployment, or social benefits. The seventh provision of the agreement addresses the accumulation of contribution periods. For instance, Article 5 of the Convention on the Maintenance of Social Security Rights (1982) stipulates that agreements must include measures governing the payments and benefits of migratory employees; the applicable legislation must be that of the country of employment. This concept specifies the geographical extent of the law. It prevents employees from paying to two social security systems and guarantees they get benefits according to their total payments. The accords also define the concept of national and non-national social security equality. This implies that migrant employees must satisfy the same requirements and get the same benefits as citizens of the host country. In addition to its protective function, the principle of equal treatment prohibits nationality-based discrimination. In addition, it eliminates any impediments and problems that may arise due to immigration status.

The two most important features of social security agreements are the distribution of benefits and the accumulation of contribution periods. This is crucial for migratory workers since it helps overcome the territoriality concept of social security systems, thus enhancing protection quality. These clauses are included in every agreement between the two nations. Moreover, it strengthens the connection between migration and development. Including development as a stated objective in all agreements is the most crucial stage in migration and economic progress. Countries may take measures to facilitate money transfers. One strategy for reducing the cost of remittances is to increase competition. Remittances continue to be the most visible advantage of

labor migration to sending nations. Other policies may include, but are not limited to, education and vocational training to enable labor forces in origin nations to meet labor demand in their home labor markets and in countries of destination. In addition, they may include collaboration initiatives in the home countries of migrant workers, where they may be reintegrated upon their return, and recruiting techniques that do not result in high-skilled or brain-drain migration rates. In conclusion, governments should enhance their cooperation in the production and sharing of migration data.

CONCLUSION

The bilateral agreements that Morocco has ratified with Spain and France do not follow the same format. The circumstances of the bilateral immigration collaboration may be explained by France and Morocco's historical connection. When the Hispano-Morocco Agreement was signed, geopolitical considerations made it simpler to comprehend the nature and context of collaboration, particularly in the fields of agriculture and seasonal migration, which offered practical answers to Spain's large labor needs. Additionally, the accord tackles the problem of irregular immigration and the growing pressure from the European Union. However, the strong historical ties between France and Morocco created a unique connection; hence, the labor mobility agreement took into consideration additional elements. Regardless, the Hispano-Moroccan alliance had a complicated organizational structure as it had to address intricate political and technological concerns. While the BLAs between France and Morocco were designed to recapture the state's control over migration and preserve cultural ties with Morocco, the Spanish Agreement is primarily concerned with maintaining stable diplomatic relations, allowing Spain to strike a balance between a strong dependence on labor market conditions and a more flexible approach. Focusing on the costs and advantages of an integrated framework

enabled the achievement of a balanced method. The success of Spain's long-term accords is attributable to the country's decision to embrace the advantages of the robust growth of diplomatic ties rather than the heavy cost of failure. Moreover, there are parallels between the BLAs of France, Spain, and Morocco. In each situation, labor-management interactions have become a component of a wider multilevel process. The BLAs are reorganizing to address new and growing concerns. In both instances, the involvement of new nations and non-state players underlined the relevance of BLAs and garnered widespread admiration for them. Complexity exceeds even that, and BLAs must become more dynamic to adapt to the changing environment. As individuals and collective private parties play a crucial role in the extension and reorganization of labor mobility, the BLAs have expanded and redesigned their framework to cope with formal and informal networks by generating new labor mobility channels. Currently, labor concerns are addressed mostly outside of regular labor agreements. Uncertainty exists as to whether the new requirement permits emigration nations such as Morocco to fully use the practical instruments of the new immigration system. As the Europeanization of immigration governance progressively replaced traditional agreements, the new system included additional instruments. New regional formations, such as the EU Mobility Partnership, have now altered the relationship between the EU and Morocco. Now, the EU must broaden the extent of their liberalization, redundancy, and short-term residence for highly trained workers' collaboration. The new environment must also elevate EU partners to a prominent position. Spain and France will continue to regulate various kinds of labor migration, but the Mobility Partnership (MP) has built a multilevel framework for transportation and immigration concerns. However, the Bilateral Labor Agreement remains the best option for addressing labor migration governance concerns. An examination of bilateral labor agreements

and memorandums of understanding between Egypt and Morocco provides insight into the advantages and limits of various kinds of agreements that contribute to labor migration regulation. There are a variety of parallels and differences between the evaluated agreements. The primary purpose of bilateral agreements and memorandums of understanding is to promote migration governance by formalizing the parties' commitment to ensuring that migration occurs in accordance with established principles and processes. Nevertheless, the circumstances and arrangement are unique. In most agreements, uniformity of treatment, sharing of duties, and the formation of joint committees to execute, monitor, and assess the agreements are commonplace. Additionally, there are several gaps. Almost no gender concerns exist in the examined work contracts. In addition, there is little indication that the unique difficulties of migrants with low levels of education are addressed. There is little indication that labor and social security agreements are extensively communicated and marketed, which poses a substantial barrier to the implementation process. Also noticeable is the absence of social partners, which may have detrimental effects on the development and execution of the agreements. Tripartism and tripartite consultations might be crucial at each phase of the process, including discussions, writing, execution, and assessment. Participation of social partners in regular monitoring and periodic reviews should thus improve the agreements and facilitate their adaptation to changing settings and conditions. Also notable is the lack of social security provisions and healthcare benefits in the investigated labor agreements. In some cases, this is owing to separate bilateral social security agreements between the contracting parties. However, in other circumstances, this is not the case. Such regulations would aid in safeguarding the rights of migrant workers. Equally essential are agreements that improve the recruitment process, particularly in terms of decreasing relocation expenses and eradicating unfair recruitment

practices. Employment contracts would strengthen agreements proportionally. These contracts should guarantee that migrant employees have suitable employment conditions and terms. In terms of the parties' duties, social security agreements are plainly more extensive than bilateral labor agreements and memorandums of understanding. Sickness, maternity, death, work-related injuries, and occupational illnesses are the most prevalent forms of social security covered by the agreements examined before. The inclusion of requirements for accumulating payment periods and transferring benefits, two of the most important characteristics of social security agreements, is neither universal nor comprehensive.

CHAPTER III

AUTOCRATIC MENA SYSTEM

Between the 1950s and 1970s, the North African public sector emerged as a political-economic system focused on intervention and redistribution in social and economic policy. However, at the beginning of the 1980s, a transition stemmed from these arrangements as they proved unable to provide the socioeconomic gains of previous decades, but the social contract created faced severe stress by the end of the decade due to decreasing public revenues. Consequently, the classical authoritarian contract faced significant changes following austerity programs and internal dissent.

The new reformed authoritarian bargains proved not to be a temporary transitional period in the political-economic history of North Africa but rather a durable system with its own intrinsic logic. These revised bargains also contained internal struggles—many of which became more visible on the threshold of the Arab Spring. The recent economic tale of the North African MENA region explains how the policy choices and trade-offs leaders embraced in supporting a social contract impacted prospects for economic growth and political stability. Hence, authoritarian regimes that support social arrangements for equality, redistribution, and protection of economic growth have caused losses to the social sectors they have established to protect.

THE AUTHORITARIAN BARGAIN AND STATE BUILDING IN POST-COLONIZATION NORTH AFRICA

Extensive literature attempts to explain the arrangement and dynamics of authoritarianism in the Arab world, ranging from comprehensive case studies of policymaking in individual dictatorships to a region-wide analysis of the strength of authoritarian rule and the breakdown of political reform (Heydemann 2008). There is also literature that connects the

structure of Arab economies—notably oil revenues, remittances, and strategic rents—with the persistence of authoritarianism and the incomplete nature of economic reform (Ross 2012). Compiled together, even so, these largely independent approaches suggest that economic and political choices in autocracies are jointly determined; because of a general problem of legitimacy in authoritarian regimes, political control and public welfare are driven by similar factors. If this is accurate, it implies authoritarian regimes face an inherent trade-off between providing political freedom and economic security, leading to the negative relationship between welfare spending and democracy.

In formal representations of the authoritarian bargain, an authoritarian leader provides the least costly bundle of economic benefits and political rights needed to avoid a coup d'état (Desai, Olofsgård, and Yousef 2009; Gandhi and Przeworski 2006). The generosity of this "mix" depends on the outside options of citizens and competing elites and the restrictive capacity of the regime (that is, the likelihood of a successful overthrow). In principle, the creation of welfare versus freedom depends predominantly on the fiscal constraints facing the state, and on the coordination, and costs confronting the political opposition. In moments of economic prosperity, the regime will have sufficient means to provide welfare benefits. This demands, however, that governments maintain control over economic rents and their revenue-raising capacity. Consequently, state intervention is achieved directly through ownership of productive assets or indirectly through relationships with economic elites. The fiscal limit also influences the form and extent of economic benefits. Facing fiscal windfalls, an authoritarian state can make widespread public investments, universally provide, or subsidize goods or services, and insure against unemployment, poverty, and other shocks. If delivered efficiently, such activities can increase welfare, raise the productivity of private investments, and reduce inequality.

If fiscal resources dwindle, the state replaces universal provision with selective benefits to politically salient constituencies (Bueno de Mesquita et al., 2003). This approach is far more distortionary, resting on a "clientelistic" policy regime that once protected politically connected businesses, and public agencies through patronage, and channels resources to the military and internal security apparatuses. The effects on competitiveness and equality of both income and opportunity are averse. The authoritarian ruler's relative cost of partial political liberalization is a function of the political risk it entails, given the nature of the political opposition. Authoritarian states, therefore, have incentives to undermine the organizational capital of groups capable of mounting credible challenges to incumbents. Therefore, control and regulation of trade unions, business associations, youth organizations, and other civic groups are necessary. In weaker states where such control is difficult, the regime must rely on its control over the distribution of economic rents that can be used to co-opt potential challengers.

In times of fiscal retrenchment in weak states, naturally, increased repression rather than partial political liberalization is the result. Finally, authoritarian bargains are also characterized by a dynamic—in addition to static—instability. As the social contract comes to rely on ever-increasing expectations of free or subsidized public goods and services, job security, and protections against shocks, satisfying these expectations becomes costly, and the risk of political unrest rises (Passarelli and Tabellini 2013). Desai, Olofsgård, and Yousef (2009) have formally tested the predictions of a structural model of the authoritarian bargain with panel data comprising over 45 non-democratic states, including North African countries, between 1984 and 1999. The results broadly set up a huge trade-off between the financial cost of welfare spending and the cost of the incumbency of democracy. Moreover, the results show how fiscal, demographic, and political shocks can perturb an existing authoritarian bargain, raising or

lowering the costs of welfare provisions versus political liberalization, leading to episodes of economic reform and political liberalization within an existing authoritarian framework.

With this framework in mind, the rest of the environment in the MENA region provides a historical account of the origin and evolution of North Africa's authoritarian bargain since independence, with a focus on the central trade-offs proposed by the conceptual formulation. As will be seen, the development and concentration of the interventionist–redistributive social contract were far from a constant process in the details of its design. For instance, Morocco and Tunisia did not welcome or follow the same populist agenda as the secular autocratic systems of Algeria, Egypt, and Libya. Nor should the spread of the social contract across the region be seen as overdetermined. Thus, in the independent states of Egypt, Tunisia, and Morocco, post-colonial politics at first required intense struggles to arrange the basic structures for building local authoritarian bargains. Indeed, a merging of circumstances gave rise to the authoritarian bargain in North Africa, including poverty, nationalism, and the role of organized labor. Before independence in Libya (1951), Morocco (1956), Tunisia (1956), and Algeria (1962), as well as the revolution in Egypt (1952), the standard of living for most of the population was remarkably low. Moreover, health indicators were among the lowest in the developing world.

The level of education was also lower than international standards. For instance, the Egyptian education system suffered from a high level of illiteracy; the country's adult illiteracy reached about 90 percent in 1939. Moreover, only twenty-three percent of the children’s population aged 5–19 years participated in the school system in Morocco; the number of foreign children in schools was nearly identical to that of Moroccan kids. At the same time, the intensification of anti-colonial efforts in the setting of state-building convinced nationalist elites to promote mass inclusion into the political arena (Anderson 1986). Consequently, along with

labor unions, peasant groups, political parties, chambers of commerce, and other associations were mobilized by anti-colonial movements, and, as a result, the political realm, previously reserved for elites, was vastly expanded. In particular, the mobilization of the masses strengthened the organized privileged position.

The economics of authoritarianism in North Africa legitimized and empowered labor leaders to play a critical role in state formation. For instance, the Tunisian General Labor Union and the UGTT trade union aligned with the leading national political party, Neo-Destour, and established independence from France. What is more, the nationalist movement in Egypt perceived organized labor as enhancing their anti-colonial struggle. Such domestic circumstances, coupled with the global trends toward state intervention and national planning among post-colonial states, created a complex blend of policies and institutions that would define the autocratic bargain in the post-colonial period (Yousef 2004). From the 1940s to the 1970s, the North African authoritarian bargain acquired several distinctive economic features and institutional arrangements. The core attributes included the random selection of economic policies such as import-substitution, protectionism, and central economic controls.

With social policy and equality in the background, autocratic leaders saw an opportunity to rectify social injustice. The nationalization of industries, banking, trade systems, and insurance companies became the solution. Moreover, the state became the provider of social services, housing, education, health, food, and fuel subsidies. Thus, it was clear that authoritarian leaders embraced equality and redistribution over market efficiency and economic growth. Moreover, a unique political vision of state-society relations appeared to express "organic unity" rather than being characterized by contention or conflict (Heydemann 2008). Post-independence, governments fashioned a bargain that promoted equity by extending public services to broad

swaths of the population, redistributing agrarian assets, subsidizing staple goods, and protecting public-sector workers, but that also tightly restricted the political franchise. As the state acted as the principal provider of welfare and social services, so did it come to manage increasingly centralized and tightly regulated "corporatist" structures of interest representation. Moreover, protections for workers came with severe restrictions on labor's political activities, which limited their ability to organize and participate in strikes. These arrangements provide a framework between state-labor and other social actors (such as farmers, students, and professional organizations) within which they can operate (Ayubi 1995). These tendencies immediately spread from social and economic policies to the country's internal security, and the new government has a sense of instability and vulnerability, which has exacerbated this tendency. Perceived threats to state security, border disputes with neighbors, and regional instability underpin and privilege the position of militaries in North African politics. Consequently, in the first decade of independence, almost all North African states had created the framework for what would become long-lasting, authoritarian government systems.

LABOR, WELFARE, AND RENTIERISM

The social contract and its interventional-redistributive function allowed for the control of labor markets by utilizing techniques beyond the regulation of labor unions to include newly added regulation by government ministries (Posusney 1997). In many countries, industries with the highest levels of union activity encountered a depletion of their ability to address wages and working schedules, hire, or discipline employees. The national public system expanded labor regulations, social programs, and pension plans. Wages in most public sectors have increased non-wage benefits and imposed sweeping limits on labor displacement. Such policy formation aimed to establish economic security for the labor force and create a mechanism to redistribute

collective wealth. The government shifted from regulating the private industry to managing production control by nationalizing private assets (Richards and Waterbury, 2008). As a result of government involvement, the public sector became the largest employer in the MENA region. What's more, adopting policies that eliminated large landowners and a bias toward urban areas' economic growth altered the labor market in rural areas. The expansion of public control of social services quickly extended state bureaucracies, incorporating new participants into the public sector. Public commitments to human capital and development accepted populist policies that granted free entry to higher education and secured public sector jobs for university graduates. The key factor in financing the widespread inclusion of transactions is external rents, especially oil revenues (Vandewalle 2003; Ross 2012).

These revenues affected the oil exporters of North Africa and the more diversified countries, whose economies depended heavily on remittances and transfers from oil-rich states and Europe. Oil-rich countries created and maintained comprehensive welfare systems that worked as devices for circulating oil wealth for producers. Remittances' income enhanced individuals' consumption, particularly in remote rural communities. Even more than this, grants, aid, and financial loans to non-oil-producing countries increased states' revenues and allowed them to continue their redistributive contracts. During the height of the oil boom of the 1980s, 2.5 million Egyptian migrants worked in Arab oil-exporting countries, some 0.5 million in Libya alone. Remittances became a significant part of the Egyptian economy as they reached $22 billion from 1973 to 1984, $8 billion for Morocco, and $6 billion for Tunisia.

FROM BOOM TO BUST, 1960-1980

From the 1950s into the 1970s, North Africa experienced an unprecedented increase in economic growth and social inclusion. Per capita, gross domestic product (GDP) growth of the

North African economies between 1960 and 1985 averaged 3.5 percent per year (Nabli and Keller 2007). Rapid social growth accompanied dramatic gains in some social indicators. The expansion of the government as the main employer and the maximization of the labor movement seeking foreign opportunities have reduced the unemployment rate, which, if it existed, was almost fractional. Most countries experienced a significant reduction in infant mortality and increases in life expectancy; the education system also showed much improvement, with school attendance reaching 100 percent and increased literacy of adults from 40 percent to almost 60 percent. Because of the high level of financial transfers, around 2.1 percent of the population lived on less than 1 US dollar a day, significantly lower than most developing regions in the world; this early success had created a new dependency on public goods, but also created a mechanism for government leverage (Vandewalle 2003).

More than culture or religion, this social contract helps account for the "governance gap" in North Africa and elsewhere in the Middle East; the widely cited observation is that all metrics of public accountability, including political participation, civil liberties, and government openness, are low in the region. Eventually, as the gap widened between expectations and practices of the institutional arrangements, the reduced ability of governments to continue their redistributive function became clear. By the beginning of the 1970s, Egypt, Tunisia, and, to a lesser extent, Algeria had started to take provisional steps toward economic liberalization. The inability of the North African authoritarian bargain to provide the same economic benefits as the previous decades became a reality in the 1980s. The falling commodity prices also added to the economic struggle in the region, squeezing government budgets while reducing demand for migrant workers in oil-rich states and reducing much-needed remittance flows. As competition in the global market became increasingly fierce, the relative productivity of North Africa was also

declining. Falling incomes forced most governments in North Africa to adopt economic stabilization measures, including reducing government subsidies, government spending, and building a sound exchange rate mechanism. (Richards and Waterbury, 2008). Egypt, Morocco, and Tunisia have also begun structural adjustments with the support of donors. Although the reform includes many familiar signs of economic reform, new changes took place in the new public policy, sale of state public assets, new measures of sound fiscal policies, in addition to embarking on free trade agenda deregulation. These new reform measures underpin the institutional foundation of a market-oriented economy.

Governments have also joined international institutions such as the General Agreement on Tariffs and Trade/WTO. Moreover, countries entered bilateral and multilateral trade agreements. These new economic reforms started to impact the macro-economic conditions by the 1990s. As a result, debt levels became manageable, and inflation was under control. Thus, the overall economic performance seemed to be on the right track. However, the state's public expectations of a robust economic interventionist role remained the preferred social norm. Thus, the new economic transformation was not entirely accepted, and governments that shrunk their welfare programs faced political and social tensions, including opposition from new movements that promoted additional social benefits for the public (Harik and Sullivan 1992). Usually, austerity measures are met by protest and, at times, mass violence. These protests took place in Morocco in 1983, Tunisia in 1984, and Algeria in 1988; it is also evident that the economic benefits of such policies were shifted to business elites who have created links with the government, weakening their legitimacy of an authoritarian process.

THE NEW POLITICS OF REFORM

Several administrations have ruled out any connection between economic and political changes that isn't strictly instrumental (Niblock and Murphy, 1993). Furthermore, governments understood how social contracts impeded their efforts to reduce state economic management, reform public services, and reorganize ties between the public sector and their workers. There was no doubt that political liberalization was necessary for market-economic transformation, and all governments in the Middle East and North Africa (MENA) began experimenting with it. This experiment, although failing, provided a platform for political opposition, enhanced civil rights, and boosted civic engagement while also containing the oppressive regimes' infrastructure. Although fragile, political reform has had unintended consequences that put the reforms' long-term viability in danger (Brumberg 2002). For decades, the opposition had little choice but to become radicalized, even if that meant operating in the shadows. Despite this, groups aiming for radical changes took advantage of political involvement.

Throughout the 1980s and 1990s, fundamentalist Islamist groups gained popularity in Tunisia, Egypt, and Algeria. With such widespread popular backing, administrations were unable to slow or stop the pace of political change. The Islamist groups competed with the long-established labor unions and trade organizations. As a result, Islamist groups seized control of many elected seats formerly held by mainstream political parties. Having political opponents exacerbated government reform difficulties and weakened the connection between economic restructuring and governmental change (Heydemann 2008).

Governments throughout the Middle East and North Africa (MENA) were overwhelmed by the popularity of fundamentalist religious movements and the resulting bloodshed. The encouraging fact is that governments in the region used to regard political involvement as a

precondition for economic reform, but the relationship had shifted by the mid-1990s due to the widespread perception that economic insecurity fueled support for Islamist groups. Political change was justified by economic development; today, it supports the re-establishment of political control. Working on both economic and political changes was considered counterproductive. Furthermore, the rise in oil prices and the continuation of foreign assistance provided enough money to mitigate the effects of economic stagnation and allow governments to implement modest reforms while delaying the tough choices regarding structural adjustments (Yousef 2004).

All these rents—oil revenues from Algeria to Libya as well as foreign assistance and remittances from Egypt to Morocco—served to keep authoritarian regimes in power and keep people from mobilizing against them, while simultaneously decreasing the incentives for change. Apart from the superpower competition and concern for oil security, foreign forces that have traditionally supported authoritarian regimes in the region also did so in the post-cold war period in reaction to the increasing terrorist threat (White 2001).

There were thus sporadic, inadequate efforts of economic and political change made throughout the 1990's as a reaction to fiscal shock and structural imbalance that developed in the 1980's between 1986 and 2001. The physical growth rate of GDP per person decreased by around one percent. As a result, North Africa's young unemployment (those aged 15 to 24) accounted for more than half of all jobless people at the end of the twentieth century, an issue that spread to every country in the area, including Libya (which historically imported labor). For the most part throughout the 1990s, real earnings remained flat or fell somewhat in comparison to the 1980s. The area has consistently experienced high unemployment, layoffs, and a hiring freeze, all while many newly educated young people applied for public sector positions in

droves. When it came to government jobs, the educated young people had to pay a greater price than those with lower levels of education.

Many young job searchers in North Africa were driven into the informal sector due to the absence of a large formal private sector. This shows how the young were burdened disproportionately with the costs of adjustment. As a result of the employment reforms in the public sector, private sector companies gained more hiring and firing freedom. Firms were encouraged to employ fixed-term contracts and to terminate open-ended ones without incurring severance fees (Dhillon and Yousef 2009). However, like changes in the public sector, the private labor market reforms tended to grandfather in current employees with existing contracts under the old standards and apply the newly, more flexible regulations solely to new recruits. Flexibility made it more likely for newcomers to be employed on the books rather than off, but it also concentrated the effect of any employment changes on young newcomers, making them more susceptible to economic depression.

NEW DEALS, OLD VISIONS

The development of winners and losers in North Africa's labor markets under the region's interventionist–redistributive social compact mirrors a much broader pattern of alignments that began in the late 1990s and fully matured in the 2000s. For this reason and many others, a "revised" authoritarian bargain took shape. Including selective transfers and protections granted to constituencies, particularly the business elite and security services; elections that allowed some competition between the parties but were marred by fraud and the claims of ruling parties to large percentages of the vote; and a mix of selective concessions to and repression of specific opposition groups. With these systems, governments had enormous executive discretion to focus incentives or punishments on particular groups as they saw fit. A new adjustment arose from the

updated authoritarian bargain. They depended on "deinstitutionalized" institutions like political parties and legislatures to delegate power while also allowing little room for independent coordination on the other hand.

Throughout history, tyrants have taken great pains to restrict the ability of individuals in charge of these institutions to topple the government. It was also necessary to exclude most organizations that weren't already members of the chosen circle as part of the updated authoritarian agreement (Heydemann 2004). Widening economic disparities between urban and rural inhabitants, adults and young people, and perks given to decreasing public-sector employees characterized North African economies in the 2000s. Finally, the altered agreements deprived those who favored economic reform—small businesses as well as women and young people—of a platform for real participation in government. Selective payments to groups under authoritarianism rather than universal benefits disenfranchised significant parts of the population and exacerbated economic inequalities (Salehi-Isfahani 2012).

North African governments discriminated against and excluded outsiders, particularly youth, by tearing up the old social compact to preserve current privileges. More and more young people in the 2000s went through a time known as "waithood": a period during which they wait to finish school, search for employment, start families on their own, and become fully-fledged adults (Dhillon and Yousef 2009).

As inequality, unemployment, and political exclusion grew, the economy suffered, which paved the way for youth-led political demonstrations throughout the decade. Like discrimination in labor markets, the increased selectiveness of the updated authoritarian bargain resulted in a large difference between the de facto investment climates, discouraging new companies from entering the private sector. Those in the rulers' inner circle reaped the benefits of monopolistic

licenses, regulatory laxity, and tax breaks unavailable to the public. The average age of a private company in North Africa is thus two times higher than in any other area except for Latin America (based on surveys in Algeria, Egypt, and Morocco) (World Bank 2009). De-institutionalization eroded regulatory policy's legitimacy over time. Since the speed of investment climate reform has kept pace with similar areas, the investment reaction has been modest. The lack of credibility hampered reform efforts even further since many people were dubious about the breadth, sincerity, and ultimate execution of the changes.

BEGINNING OF A NEW ENVIRONMENT

On the eve of the Arab Spring in late 2010, North African authoritarian governments projected an image of economic stability and political durability to their populations and the world (Malik and Awadallah 2013). The price of oil and other commodities, which unexpectedly rose for much of the previous decade, allowed even the weakest and most vulnerable autocratic regimes to maintain political control through selective patronage and handouts. Political repression, directed more at Islamists and disguised as a battle in the global war on terrorism, was further sustained by the availability of strategic external rents while at the same time becoming more sophisticated to accommodate the sensibilities of the world community. Under these circumstances, most observers concluded that the status quo arrangements would prove more resilient in the future. The economics of authoritarianism in North Africa, however, have proven to show, political, economic, and social costs are also associated with maintaining the status quo. These costs became more severe in the twenty-first century's first decade, confirming that selective reforms in the revised authoritarian bargains lacked credibility and exacerbated social polarization. Inadequate responses to sustained economic stagnation, especially in labor markets, became a serious drain on governments' political resources, and those who stood to

benefit from the status quo found their positions increasingly insecure. More than that, they faced a declining standard of living in comparison to the rest of the world.

PROSPECTS FOR REFORM

In this context, North Africa became the birthplace of the Arab Spring protests that experienced in 2011 the removal of three long-serving dictators in Egypt, Libya, and Tunisia, and the subsequent rise of Islamist parties, creating the need for economic and political reform for the political-economy of autocratic regimes in the MENA region. The goal is to provide private benefits by providing a predictable economic environment and reliable institutions that provide a level playing field and a political arena that accepts diverse voices. Such a transition is not without brutal circumstances, but even more so in a situation where economic dislocation is widespread, the credibility of government institutions is undermined, and societal polarization is heightened. Hence, the artificial inclusion system that has previously existed with disenfranchised groups must be reformed to give them complete access to institutions, allowing them to aggregate their collective interests, establish accountability for leadership, and ultimately answer to state institutions that are fully independent of individual interests. Reformers must draw upon and secure the type of organized support that, in many countries, Islamists often command (Awadallah 2013).

In addition to promoting free, sound economic policies, investment, and access to the market, the new structure must enable the development of political parties, civil organizations, and trade unions in countries during the transactional stages (Tunisia, Egypt); those countries that have entered or may enter conversion will also need substantial aid and financial support, some of which can be externally provided (Amin et al., 2012). However, this inclusion of civil society and organizational participation will not deliver true reform in the absence of checks and

balances and full accountability of decision-makers. In addition, more attention is needed to increase the capacity and influence of legislatures, courts, local governments, and supreme audit institutions. Indeed, in Morocco, the monarch uses the lack of political institutions to justify enhanced control of the crown's leading effort to increase accountability and transparency. Meanwhile, Egypt's military has intervened heavily in the transition process, cutting out external actors. Political and economic reforms can only be possible by deinstitutionalization in the MENA region. The lack of support for economic reform has been part of the objective of the autocratic leaders in North Africa. Hence, little change will transpire until political leaders redesign the relationship between the state and its citizens. The restructuring of political institutions and improving formal-legal transparency and accountability must be the first steps. However, sound state institutions, integrity, and lack of corruption will be the ultimate elements for conversion in the long run.

CHAPTER IV

MENA MIGRATION SYSTEM

Morocco, Egypt, and Turkey all have extensive migratory histories. Colonialism stimulated urbanization and rural-to-urban migration in Morocco in the early 20th century. During World War I, France's dire need for labor caused tens of thousands of soldiers, industrial laborers, and coal miners to migrate to Morocco (Muus, 1995). Due to wartime labor shortages, Moroccans were recruited as laborers and soldiers (Bidwell 1973). Even after Morocco obtained its independence from France in 1956, 'colonial' migration patterns persisted. Many of these workers have now returned. As a consequence of the Algerian War of Independence (1954–1962), France stopped to recruit Algerian workers, which led to an increase in the number of Moroccan industrial and mining workers entering France (de Haas 2007).

Since 1882, the Suez Canal has represented Egypt's modernization plans, which have increased historical migratory trends toward Cairo, Alexandria, and the Suez Canal zone. In the second part of the nineteenth century, these measures were adopted. Prior to the 1950s, relatively few Egyptians, except for students, left Egypt. More individuals migrated to Egypt from Arab and other countries than the other way around (Sell 1988; Zohry & Harrell-Bond 2003).

Egypt's position as the head of the Arab world was cemented in 1953 when it attained total independence from the United Kingdom, and President Nasser emerged as an Arab hero. The 1956 Suez crisis also strengthened Egypt's standing as the leader of the Arab world. Except for efforts in the 1960s to encourage Egyptian students to seek higher education overseas, the Egyptian government aggressively prevented older employees from leaving, especially by imposing "exit visa" rules (Choucri 1977; Sell 1988). Under Nasserist socialism, a purported dread of "brain drain" was prevalent and assumed to jeopardize national progress.

MASSIVE INCREASE IN MIGRATION FROM TURKEY AND MOROCCO

The slow decline of the Ottoman Empire led to the emergence of a series of new countries. In addition, in the late 19th and early 20th centuries, there was a large exodus of ethnic minorities from the Balkans, including Albanians and Bosnians, Tatars, and Turks. Also, during the TurkishWar of Independence (1919-1923), more than 1 million Greeks fled to Turkey, while approximately 500,000 Muslims and Turks migrated from Greece to Turkey. From 1923 to the early 1960s, Turkey was mainly a destination country for immigrants. To aid Turkey's efforts to forge a strong national identity, the Turkish government implemented an immigration policy that offered incentives to Balkan Muslims and Turks who wanted to live in Turkey.

The 1960s saw major increases in labor migration from Morocco and Turkey to North-West Europe. For decades, these two nations were the primary source countries for non-EU workers and their families. In the 1950s, North-West Europe's fast economic growth necessitated the employment of unskilled workers in areas such as mining, construction, and agriculture. 'Guest workers' from the poor countries bordering the Mediterranean started to depart in greater numbers to alleviate Europe's labor shortfall. Until the early 1960s, most industrial Europe's labor demands were met by countries in Southern Europe. However, as the migration flow slowed, attention shifted to the nations of the Southern Mediterranean. The 1961 agreement between the Turkish and West German governments on 'guest worker' recruitment led to a significant migration of individuals from Turkey to West Germany, as well as with the governments of Austria, Belgium, the Netherlands, France, and Sweden (Avci & Kirişci, 2006). Morocco also signed labor agreements with West Germany (1963), France (1963), Belgium (1964), and the Netherlands (1964).

In 1969, Morocco's migratory population started to migrate away from its traditional concentration in France, which remained the predominant destination until the 1990s. The number of Moroccans immigrating to the United States surged considerably in the early 1970s. In the early phases of migration, formal recruiting by professional businesses was crucial for laying the groundwork for subsequent chain migration. In addition, to minimize bureaucratic inefficiencies, in the 1960s, impulsive settlement and informal recruiting began. People first immigrated as "tourists," subsequently as "overstayers," owing to lengthy waiting lines and process-related corruption (Reniers 1999).

Turkey and Morocco anticipated that 'guest workers' would return with their skills, knowledge, and cash to help modernize the economy; therefore, both the Turkish and Moroccan governments supported the departure to capture the necessary benefits of economic migration and remittances from migrants, which were anticipated to reduce poverty and political instability. Thus, migration was seen as a kind of political backup plan.

EGYPT CHANGES ITS VIEW ABOUT MIGRATION

Egypt was committed to self-sufficiency even though other nations aggressively encouraged immigration. Nonetheless, the 1973 oil crisis marked a worldwide turning point. The economic downturn in Western Europe that followed the Six-Day War in 1973 and the oil crisis had a profound effect on the migration landscape in North Africa. After the recruitment era of the 1960s ended, European countries started implementing more restricted immigration laws, which continue in effect regarding Maghrebi-European migration to the current day.

After 1973, a new phase of massive Arab oil-producing country workers recruitment began. Due to political upheaval in Egypt, considerable numbers of people from Egypt and the Maghreb migrated to the growing oil-producing Arab states. The oil-producing Gulf states and

Libya have both seen tremendous economic growth. In 1973, the Arab oil embargo against the United States and a few of its Western allies quadrupled oil prices and profits. The oil crisis in the West prompted ambitious growth plans in oil-producing countries, which drastically increased the need for labor. The number of registered immigrants in Egypt increased from 70,000 in 1970 to 1.4 million in 1976 and 2.3 million in 1986, according to government figures (Zohry and Harrell-Bond 2003).

By adopting the Infitah policy of 'openness' to the outside world, President Sadat signaled a break with the Soviet Union, a turn toward the United States, and a departure from a centrally planned economy. Sadat's newly implemented policies promoted temporary migration, which reduced population growth and spurred economic expansion. After all legal barriers to migration were eliminated in 1971, government personnel were allowed to depart while still having the option to return to their prior positions (IOM 2005). Eliminating government constraints and encouraging individualism along with a market-based framework, it is commonly believed that freedom and openness have exacerbated inequities in Egyptian society. In addition, Egypt's neighbors to the east and west experienced economic reversals. Although Saudi Arabia absorbed the greatest number of migrants, many Egyptians also settled in other Arab oil-producing nations. Professionals and unskilled laborers migrated in similar numbers to Arab oil-producing nations, with most skilled employees selecting GCC states such as Bahrain and the United Arab Emirates over other alternatives. According to some researchers (Fargues 2004), Egypt is a large source of specialized talents (such as healthcare and education) to these labor markets. Hence, its education approach was vital to its overall emigration aims.

SHIFT IN DEMAND FOR EGYPTION LABOR

Iraq became a popular destination for unskilled migrants in the 1980s owing to its open immigration policy toward oil-producing Arab nations and its need for foreign labor during the Iran-Iraq war. As a result, Iraq became a popular destination for migrants seeking a better life abroad. In 1983, when demand for Egyptian employees from other nations peaked, an estimated 3.3 million Egyptians were working abroad.

As a result of the conclusion of the Iran-Iraq war, a decline in oil prices, a decline in the need for construction workers, and the arrival of cheaper Asian and South-Asian labor, the GCC countries' demand for Egyptian and other Arab employees decreased. Consequently, there was a simultaneous flood of people returning to their home nations. 2003; Zohry and Harrell-Bond.

THE NEW LABOR MARKET IN NORTH AFRICA

Following the oil crises of the 1970s, a new migratory hotspot in North Africa formed. When the Egyptian economy collapsed in 1967 and the government lifted emigration restrictions in response to Israel's Six-Day War, a protracted exodus process was initiated. In 1959, oil deposits were found in Libya, permanently altering the global economic and political scene. By the early 1960s, oil revenues had increased to such a degree that the country's new Nasserist leader, Qadhafi, could launch ambitious social and economic development initiatives. The oil discovery caused a massive inflow of mostly temporary Egyptian laborers. In Libya, the largest ethnic group, Egyptians, worked mostly in agriculture and education (Hamood 2006). As their economies expanded, workers from Tunisia and Morocco migrated to the Arab oil states. Much of this migration, which was mostly focused on Libya for geographic and political reasons, consisted of unskilled migrants who stayed for brief periods of time. However, the migration of qualified Egyptian labor to the Gulf states has remained constant. In 1973, as oil prices climbed,

socialist Algeria benefited as a smaller but still significant oil producer, and the nation experienced a period of economic growth. In 1945, over 350,000 Algerians and their families resided in France. In 1968, the Algerian and French governments agreed to admit 35,000 migrants into France annually. In 1971, this amount was cut to 25,000. Algeria denounced emigration to France as post-colonial dependence in 1973, at which point France halted future immigration, under the assumption that Algeria may be able to recruit more staff if oil earnings increase (Collyer 2003).

THE GULF WAR OF 1991: A NEW PARADIGM

Throughout the 1980s, Egypt's labor migration to the Gulf states and Libya remained relatively stable, although family migration from the Maghreb to North Africa shifted significantly. Instability including (the Gulf War, the outbreak of the Algerian civil war, and the United Nations embargo on Libya) helped shape migration patterns in 1991–1992, strengthening North Africa's position as a source and transit zone in the Euro-Mediterranean migration system and increasing interconnections between the North and Sub-African migration systems.

Due to the forced repatriation of GCC migrants during the 1991 Gulf War, most notably 700,000 Egyptians from Iraq, Jordan, and Kuwait, a significant number of GCC migrants were compelled to return to their home countries (Baldwin-Edwards 2005). As a result of these trends, the Gulf States have become more dependent on Asian immigration. There have been initiatives to "indigenize" the Gulf States' labor force to reduce their reliance on immigration and battle rising local unemployment (IOM 2005). In the 1980s and 1990s, these changes were spurred by low oil prices. Despite the apparent decline in migration potential, Gulf migration has been more consistent than anticipated. Despite Egypt's and the GCC's assertions that this migration is transient, Sell (1988) found that many Egyptian migrants remain for lengthy periods of time and

that a significant number will have family members join them eventually. In addition, each year, hundreds of Egyptians leave the nation with the intention of staying overseas, although they know they are expected to return permanently. Intricate visa-trading networks continue to facilitate the entry of semi-legal migrants into several GCC states. For instance, many illegal labor migrants may enter Saudi Arabia during the hadj, the Muslim pilgrimage to Mecca. Implementing indigenization of labor has proven to be notoriously difficult. After the Gulf War, migration rates quickly returned to pre-war levels, and between 1992 and 1995, the number of employment contracts increased considerably. However, a qualitative shift occurred in the GCC's highly fragmented labor markets, with local employees opting for higher-level occupations and avoiding lower-level employment in the relatively low-paid private sector (Baldwin-Edwards 2005). Filling unskilled manual labor positions in the Gulf Cooperation Council with Asian immigration (IOM 2005:62) (GCC). Many Egyptian migrants with limited abilities, such as construction workers (IOM, 2005) and other unskilled laborers, are now less likely to go to Arab nations, and more Egyptians are applying for asylum in Italy (Zohry and Harrell-Bond, 2005). Between 1992 and 2000, the Libyan air and arms embargo was another significant turning point in North African migration. Colonel al-Qadhafi, dissatisfied with the seeming lack of backing from other Arab states, initiated a drastic shift in Libya's foreign policy toward Sub-Saharan African nations. Due to the embargo and accompanying international isolation, Qadhafi positioned himself as an African leader by networking with other African governments and donating considerable sums of money to Sub-Saharan African states. To recruit Sub-Saharan Africans to work in Libya, the government began running advertising in African periodicals on a regular basis. It was inevitable that Libya would become a destination and transit point for Sub-Saharan Africans escaping poverty (Boubakri 2004). People moved to southern border towns

like as Kufra and Sebha to work on desert agricultural projects such as the Great Man-Made River, which cost several billion dollars (Hamood 2006; Pliez 2002).

Since the early 1990s, when Sudan, Chad, and Niger became transit nations for migrants from a much greater region, people from around Sub-Saharan Africa have traveled via Libya (Pliez, 2004). Sub-Saharans are migrating not just because of Libya's new pan-African ideology, but also because of the restructuring, segmentation, and segregation of the Libyan and North African labor market. In the early 1980s, low oil prices, sanction-induced economic issues in Libya, and the situation in the Gulf States boosted demand for local labor. On the other side, Libyans disliked manual labor and unskilled labor, which Sub-Saharan African immigrants progressively filled (Hamood 2006). This may be because North African migrants are less eager to work in Libya than their southern counterparts. Construction and agriculture in Libya are thus increasingly dependent on Sub-Saharan migrants, whilst Egyptians are mostly engaged in sectors requiring a higher level of education and training.

INCREASED OUTFLOW TO EUROPE

In the 1970s, Europe tightened visa requirements and increased border checks (Fargues 2004). On the other hand, North African migrants to Europe have shown great persistence, even acceleration, as well as variety across the countries in which they have established. Family reunifications encouraged migration to destinations such as France, Belgium, the Netherlands, and Germany, which were already well-established. One reason for this was the very high proportion of Maghrebi descendants who married individuals from their parents' places of origin (de Haas 2005b; Lievens 1999). After 1995, unanticipated labor migration from the Maghreb and Egypt to southern Europe began. The amazing expansion of export-oriented agriculture in Mediterranean Europe has created a demand for seasonal, adaptable, and low-skilled labor

(Fargues 2004). Particularly in Italy's rather broad informal sectors, unskilled migrant labor is in great demand (Schneider and Enste, 2002). Since the mid-1980s, Moroccans have migrated primarily to Spain and Italy, whereas Tunisians have migrated primarily to Italy, making southern European countries a new significant destination for Moroccans, Tunisians, Algerians, and Egyptian migrants, and transforming southern Europe from a labor exporter to a labor importer. In addition, Portugal is home to a growing number of migrant workers, the majority of whom are unauthorized (Peixoto 2002). Migrants were allowed to enter because they were authorized to travel as tourists until 1990 and 1991, respectively, when Italy and Spain introduced visa requirements. However, rather than limiting illegal and long-term migration, the introduction of visas and heightened border restrictions increased such flows. Much of the continuation of migration may be ascribed to the significant need for such workers in Italy and Spain's agricultural, construction, and major informal service sectors. Increasing numbers of independent Maghrebi women are migrating to Southern Europe to work as domestic workers, nannies, cleaners, farmers, and small business entrepreneurs (Salih 2001).

Due to migratory pressure in the late 1980s, states in southern Europe were obligated to provide legal status to many Moroccan and other adjacent countries' residents. From 1980 to 2004, the number of Moroccans legally residing in Spain and Italy climbed from 20,000 to 650,000. Skilled migrants from Maghreb nations are now moving to Canada and the United States. Prior to 1990, Algerian emigration to Europe was mostly related to migration to France. This no longer holds true. In 1990, more than a million Algerians lived in France, constituting almost all Algerians residing beyond the country's boundaries (97 percent) (Collyer 2003). In 1990, migration began to diversify because of the Algerian civil war, which lost over 100,000

lives. Therefore, both economic and refugee migration to Europe grew, making it hard to distinguish between the two (Collyer 2003).

Since 1995, the number of asylum-seekers, the majority of whom are Maghrebis from Sub-Saharan Africa, the Middle East, and South Asia, going over the Strait of Gibraltar into Spain or from Tunisia into Italy has increased (Lampedusa, Pantalleria, or Sicily). (Barros et al. 2002; Boubakri 2004). Because of enhanced Spanish Moroccan and Tunisian-Italian enforcement in the Strait of Gibraltar and along the Tunisian coast, the number of attempts to cross from Morocco's eastern coast to Algeria, Tunisia's coast to Libya, and Western Sahara or Mauritania to the Canary Islands has multiplied. This is due to increasing activity in the Strait of Gibraltar and along the coast of Tunisia. Despite its frequency of usage, the term "transient migrants" is erroneous in three respects. The length of a journey to North Africa might range from a few months to many years, so tourists should be prepared for any eventuality. There are several reasons why people want to migrate to North African nations. Many migrants who fail to reach Europe opt to remain in a more stable environment that is less developed than Europe but not as impoverished as their home countries of Libya, Morocco, Algeria, and Tunisia (de Haas 2005). Without legal status, they run the danger of being exploited, although they may sometimes find work in service industries and agriculture. All this gives informal employment possibilities (Bredeloup and Pliez 2005). Due to their achievements, other migrants migrate to Morocco and Tunisia to reside permanently (Alioua 2005, Boubakri 2004).

Morocco, Egypt, and Turkey are well-known emigration destinations, but they are also popular with individuals wishing to leave other regions of the globe. This is especially true for Turkey, which over the last century has had a massive inflow of immigrants, the majority of whom are Turks by ethnicity. Since the country's inception in 1923, more than 1,600,000

immigrants have resided in Turkey (Kirişci, 2003). Nonetheless, since the early 1990s, Turkey has seen a new kind of migration, mostly composed of irregular transit migrants and immigrants. It is common for undocumented individuals to overstay their visas and find jobs as housekeepers, construction workers, tourists, or other service providers in the informal sector. In the last decade, significant influxes of immigrants from Iraq, Iran, Afghanistan, Pakistan, and Bangladesh have occurred. Numerous immigrants have arrived from the former Soviet republics of Moldova, Romania, the Russian Federation, and Georgia. A significant number of migrants want to transit through Turkey on their route to Europe, whilst many others wish to live in Turkey and find jobs in its enormous informal sectors, notably in the less attractive vocations generated by informalization. It is estimated that between 150,000 and 1,000,000 individuals are illegally present in the nation. Asylum-seekers have also traveled to Turkey in huge numbers. In recent years, the number of European retirees living in Turkey has increased between 100,000 and 120,000, and this trend is projected to continue in the near future. As the country's immigration and emigration rates fluctuate, and the number of European migrants returning to Turkey because of the much-improved living conditions, it seems that Turkey has completed the last phase of its migratory shift.

Egypt has long been a refuge for those escaping violence and poverty in the Upper Nile Valley of Sudan and the Middle East. Egypt has continued to welcome many workers, asylum seekers, and refugees in the post-independence era, despite a massive exodus to Gulf countries and other destinations. With over one million urban migrants, Cairo is home to some of the most disadvantaged populations in the world. In addition, many Sudanese workers have migrated to Egypt since the 1970s, and Euro-Mediterranean migration projections indicate that between 500,000 and 3,000,000 refugees and immigrants now reside in Egypt (mainly in Cairo) (Zohry &

Harrell-Bond 2003). While men are more likely to work as construction workers and informal service providers, women are more likely to be employed as housekeepers (Ahmed 2003; Arbaoui 2006; Grabska 2005). In the domestic worker labor market in Cairo, both feminization and globalization are occurring concurrently. As domestic servants, refugees from Sudan, Ethiopia, and Eritrea are mostly employed in Cairo. In addition, it seems that recruiting businesses are aggressively pursuing Nigerian, Filipino, Malaysian, and Indonesian workers (Arbaoui 2006).

After attaining independence, Morocco attracted a small number of student migrants and skilled employees from sub-Saharan Africa and other regions. In the mid-1990s, as an increasing number of persons sailed the Mediterranean Sea, Morocco became a favorite destination for trans-Saharan migrants (Lahlou & Escoffier 2002). Living in Morocco was a better long-term option for many African migrants than returning to their uncertain and poor home country (de Haas 2005). Those without legal status are prone to labor exploitation in the informal service sector, tourism, small business, construction, and agriculture, among other industries. Sub-Saharan African students are increasingly choosing to attend school in Morocco (Alioua 2005; Ber- riane 2007). According to Alioua (2005), Morocco is home to tens of thousands of migrants and refugees from sub-Saharan Africa. This gap may be explained by the fact that many Maghreb-area receiving countries omit naturalized citizens and second-and third-generation migrants from these statistics. Illegal migration involving migrants who are under-registered seems to be a problem in a variety of countries, although it is most serious in Egypt. Where there has been a considerable migration of North Africans traveling to Europe, mostly from rural areas, in search of employment in industrial, agricultural, and formal and informal service environments. In certain instances, recruiters favored illiterate candidates since they were less

likely to be involved in organized labor activities (de Haas 2003). Since 1980, males have traveled in greater numbers than women, although women have migrated at a quicker rate. According to studies conducted in Morocco, this may be attributable to altering migratory patterns, urbanization, and advances in literacy and educational attainment in the countries of origin (Fadloullah et al., 2000 de Haas 2003).

Due to the recent surge of refugees, Algeria has lost a substantial number of highly educated and competent individuals (Collyer 2003). However, the high unemployment rate among recent university graduates from North Africa shows that a negative "brain drain" may not be occurring. Empirical data indicates that foreign migrants in Egypt have, on average, a greater level of education than non-migrants; hence, Egypt has traditionally sent many professionals to the Gulf. In search of a better life beyond the Arab world, Egyptians have traditionally gone to the United States, Canada, and Australia. Students and professionals from the Maghreb have historically traveled to France, but since 1990, migration to the United States and Canada has increased considerably. However, this has also been linked to a lack of employment possibilities and job satisfaction for university graduates in the Maghreb (Boubakri 2004; de Haas 2003; Bel Hadj Zekri 2005). Less-educated North Africans go to Europe, whereas more-educated North Africans flee to the United States and Canada. Lastly, labor migration from Maghreb nations is becoming increasingly feminine, which seems to be in line with wider trends of women's liberation resulting from their significantly increased education (Fadloullah et al. 2000; Hammouda 2005; Labdelaoui 2005). As the employment rate of educated women rises, so does emigration from these countries. In Europe, domestic workers and other (informal) service industry jobs are in great demand. Additionally, as marital mobility becomes more prevalent, the proportion of male migrants who rely on them increases (de Haas 2003).

MIGRATION AND REMITTANCES AS A DEVELOPMENT STRATEGY

Migration has had a substantial influence on labor market pressures in all four North African states that export migrants. Since 1971, Morocco, Tunisia, and Egypt have all had policies that explicitly or implicitly promote migration as a method of economic development. Algeria's attitudes on migration have been contradictory, but the government has gradually loosened its limits on emigration in response to economic need. It became evident to both sending and receiving countries that most migrants would not return, and their policies increasingly centered on regulations to secure remittances, encourage investment by migrants, and include symbolic policies to foster ties between expatriate populations and their imagined or actual homelands.

This evaluation will utilize Morocco, the region's most common emigration destination, to illustrate the development consequences of migration and policies designed to maximize these advantages. Since independence, the Moroccan government has supported emigration for political and economic reasons. International migration was seen as a "safety valve" in some rural, mostly Berber districts (Rif, Sous, and south-eastern oasis) with a rebellious attitude against the central "Arab" state (de Hass 2005). The rules were enforced by giving passports selectively and deploying recruits to locations where they were most needed. Migration was seen as both a political weapon and an economic development instrument. In the eyes of the public, migration was advantageous since individuals would acquire new skills and knowledge by living and studying elsewhere. In the 1970s, however, the notion that migrants would play a substantial role in societal change started to diminish. The absence of a good economic climate and the widespread distrust of government institutions by migrants have hampered attempts to stimulate returned migration, and migrant investments have failed (Fadloullah et al. 2000; Obdeijn 1993).

In the 1970s and 1980s, instead of encouraging migrants to invest, policy concentrated on expanding remittance payments via the establishment of a worldwide network of consulates, post offices, and bank branches.

To maintain control over migrant populations in Europe, the Moroccan government established global monitoring and control networks. Until the early 1990s, the government intentionally impeded the assimilation of immigrants into host countries out of concern that they may generate political resistance "from the outside." Integration was seen as a threat to remittance flows as well (de Haas and Plug 2006).

Control of immigrants and diaspora courting go hand in hand. Despite stagnant remittances in the 1990s, the Moroccan government shifted its posture toward migrants as it became more conscious that restrictive policies alienated migrants from the Moroccan state. As a consequence of this trend of political liberalization, the human rights situation in Morocco has also improved considerably. In addition, a neoclassical change in economic policy in the nation signaled deregulation and opening of the Moroccan economy. For the first time in years, there was renewed confidence about the migrants' role in boosting FDI (Foreign Direct Investment). As a result, naturalization, dual citizenship, and voting rights for immigrants from other nations have grown in favor. Consequently, for the first time in recent memory, the policy analysis of migration has flipped from one of danger to one of opportunity, as migrants can now send more money home and invest more. As basic civil liberties expanded, immigrants were also able to create Berber, cultural, and "hometown" associations with increasing ease (Lacroix 2005). In addition, King Mohammed VI gave migrants the right to vote in November 2005. On the other hand, the Moroccan government has not abandoned its control-maintaining programs. This is shown by Morocco's opposition to Moroccan descendants residing in Europe claiming Moroccan

nationality. To deepen connections with Moroccan immigrants, Morocco has established both the Hassan II Foundation for Moroccans abroad and a ministry devoted to them. In addition, the authorities started to clamp down on the long lineups, bribes, and mistreatment that migrants had to experience at the nation's borders and inside the country upon their return to Morocco. Due to this, the yearly number of migrants returning to Morocco's northern ports from overseas grew considerably, from 848 thousand in 1993 to 2.2 million in 2003. Since the late 1980s, Morocco has introduced new monetary policies, including the elimination of exchange and currency repatriation limitations (de Haas and Plug 2006).

THE FUTURE OF MIGRATION AND THE STATE OF DEVELOPMENT

The fundamental issue is where future immigration surges will originate. It is simple to see why Western European countries have remained attractive immigrant destinations. Families and migratory chains cannot explain all of this. Consistent economic growth, a shifting labor market, and an increase in the proportion of women in the labor force have all contributed to an increase in the demand for migrant workers with varying levels of expertise (due to an increase in the demand for personnel in cleaning, care, and other services). This impacts a broad range of unskilled and semiskilled (often irregular) agricultural vocations as well as high-skilled employment. The relationship between family migration (such as that of Turks and Moroccans to North-Western Europe after 1973) and economic growth suggests that migration categories, which primarily reflect legal classifications rather than the actual, complex, and generally mixed motivations of migrants, are of limited utility. Assuming continued economic growth and political stability, EU member states will almost definitely continue to attract migrants for decades to come. Regardless of whether migration can "correct" population aging, the aging of the population is predicted to increase labor demand in some areas, such as caregivers and other

high- and low-skilled services. Even if labor force participation increases considerably, the need for migrant labor would inevitably increase (de Jong, Nicolaas & Sprangers 2001; Entzinger 2000; Fargues 2004).

Immigration will continue, but from where will these individuals originate? This is the primary concern for the future. In the last few years, fewer Turks have immigrated to EU states, while Moroccans have returned from North Africa and settled in Southern Europe. Is the current increase in Egyptian migration to Italy indicative of future increases in Egyptian migration to Europe? Why has the number of Egyptians migrating to Europe stayed so low?

If future EU needs for migrant workers continue and lessons are learned from how nations in the southern and eastern Mediterranean migration models behave, it is possible that the recent migration histories of these three countries will reveal a wide variety of migratory patterns within countries and regions. The difference between Morocco and Turkey is instructive. Following a period of widespread family reunion, both nations have taken paths strikingly like those of the major source countries of guest workers migrating to North-Western Europe in the 1960s and 1970s: as a result, the largest non-EU immigration group was able to establish themselves and remain in Europe. Since the early 1990s, Morocco and Turkey's paths have diverged significantly. Morocco has seen a new wave of primary worker emigration to Italy and Spain, although immigration from Northwestern Europe has also been relatively robust in contrast to Turkish migration. This may be partially explained by the fact that, despite Morocco's recent economic success, income inequalities and other types of freedom have remained relatively modest. Although only a small number of Turks have relocated to Southern Europe in recent years, family formation continues to have a significant impact on Turkish migration to North-Western Europe. As a consequence of an increase in return migration and immigration

from CIS (Commonwealth of Independent States) nations, Asia, and Europe, Turkey has entered the third phase of its migratory transition by exceeding the in-out migration break-even level, thus becoming a country of net immigration. This is not just due to recent robust economic development but also to the implementation of several fundamental institutional reforms and macroeconomic stabilization measures by successive Turkish governments. A widespread climate of optimism and hope for the future has emerged, and a growing number of Turkish migrants from Europe are returning to Turkey.

Egypt's migration story is rather distinct. Although Egypt is the poorest and most unstable of our three nations, Egyptians did not participate in the guest worker migrations of the late 1960s and early 1970s. This phenomenon may be partially explained by the country's geographical isolation and pan-Arab communist goals. Due to its position between Libya and the Gulf States, it was an ideal option for oil crisis refugees in 1973. However, proximity does not explain why there are more Egyptian immigrants in the Americas and Australia than in the European Union. However, most of these entrants to the United States are highly educated professionals. Without labor recruitment agreements, which played a big part in kindling Turkish and Moroccan migration, labor migration to Europe was probably beyond the capacity and imagination of most unskilled Egyptians. However, the recent increase in the number of Egyptians irregularly moving to Italy and other European nations may portend a rise in the migration of Egyptian workers to Europe. Future migration trends are difficult to predict because they are dependent on sustained economic growth, stability, and increasing freedom, all of which will influence the extent to which middle-income countries in southern and eastern Europe can provide their citizens with a sense of security and hope for the future. Prior anticipation of

Turkish membership in the EU, like that of Portugal, Spain, and Greece, seems to be the best long-term certainty of producing such future confidence and optimism.

Migration from Turkey is projected to continue to decline because of political stability and sustained economic growth. On the other hand, migration from Morocco is expected to remain sizable, at least in the near future. Because of the recent labor movement from Morocco, new Moroccan immigrant communities have formed in Spain and Italy. If the same patterns of family movement that generated huge Moroccan and Turkish migrant populations in North-Western Europe during the oil crisis persist, these new groups will continue to expand. Therefore, Moroccans are on course to overtake Turks as the most numerous immigrant group in Europe.

Although Morocco seems to be nearing the "migration hump," its long-term migratory potential will primarily depend on how successfully recent considerable improvements in civil liberties are preserved and how true democracy develops. If the current trend continues and the country's currency prospects for migration from Europe and the Mediterranean, as well as the unique "window of opportunity" offered to younger generations entering the labor market with a low population burden relative to other nations, the country's emigration potential will likely decrease. Morocco looks to be reaching the origin-destination income disparity threshold at which emigration declines. It is anticipated that immigration and settlement from Sub-Saharan Africa would grow at the same time (de Haas 2007). If recent changes are not sustained, it is likely that Morocco's migration hump may be extended or transformed into a semi-permanent "migration plateau" of chronic out-migration. The execution and effects of the Moroccan accord will be crucial, notwithstanding the fact that local political factors will have the greatest impact.

Long-term, the issue of where future immigrant labor will originate remains if the emigration potential of Eastern European states; Turkey, and perhaps Maghreb countries (such as Tunisia) continues to drop. On the "migration border" of the expanding European migrant system, Egypt is a relatively impoverished middle-income country with limited economic opportunities and less political liberty. This may place Egypt at the forefront of the conversation. Increases in the number of Egyptian laborers travelling routinely and irregularly to Italy (usually through Libya) and even Greece may create new steppingstones in the form of new migrant communities, so making migration simpler. When compared to the low earnings and poor working conditions offered in Arab countries, European nations seem to be an increasingly attractive choice, particularly for people with less abilities. As Maghrebi and Turkish workers have done, this may cause Egyptian workers to shun Arab countries more often. The Arab Spring has not significantly altered long-term migratory patterns in the Mediterranean region.

The same variables that created the conditions for revolutionary upheaval also enable emigration. As new, educated, and aspiring generations approach adulthood, authoritarianism, corruption, and massive unemployment render them powerless. Thus, there is no possibility that immigration will be halted in the near future, just as there is no possibility of a "mass exodus" to Europe (de Haas & Sigona 2012). As recent Turkish migration patterns and migratory changes in southern European states have shown, we cannot expect that current migration trends will continue permanently.

In addition, it is untenable to believe that Europe has an almost endless supply of available jobs to those eager to relocate to the EU whenever the opportunity comes. This fundamentally incorrect assumption underpins common impressions of increased "migration pressure" (sometimes ignoring labor demand in Europe and failing to account for rapidly

dropping birth rates in origin countries) and fuels anxieties about an inflow of migrants. Before we can even consider the validity of this claim, it must be demonstrated that it is based on an incorrect premise: that poverty is the cause of all human migration. This assumption fails to consider the dramatic social and demographic changes as well as the economic and political developments in countries bordering the EU to the south. These anticipated shifts in development will likely have unexpected effects on future emigration and immigration. Europe's economic progress is crucial since it has been the major driver of rising labor demand, which has attracted immigrants.

Since 2010, some southern European countries have become prominent emigration destinations. If Europe's core migration system, which comprises net immigration countries, continues to expand, it is possible that future migrants could originate from countries farther from Europe, such as West and Central Africa. Due to the global and universal decline in reproduction, there is no way to predict what the global demand for skilled and unskilled labor will be in the far future. As more countries become net receivers of migrants, the question of where all these migrants will originate arises; even if there are workers willing to relocate, it is doubtful if they want to migrate to Europe with the same fervor as previously believed. In the future, European policymakers may inquire less about how to keep immigrants out and more about how to recruit them. Student immigration is on the rise, and Europeans are increasingly interested in point systems like Green Cards to entice highly skilled foreigners. Due to the rising strain on EU labor markets, a similar movement toward low-skilled immigrants may occur.

FUTURE CONFLICT AND MIGRATION POTENTIAL

The objective of interpretive symbolism is to construct a scattered group of individuals with strong ties to their own nation. Numerous initiatives and activities have been created to

assist immigrants to feel better integrated into the transnational community of citizens and to increase the country's visibility within that community. States often employ language or symbolic gestures to reach out to their citizens living abroad to (re)include them in the national population they claim to represent and rule. On the one hand, elite discourse hails emigrants as national heroes, awarding them medals and praising them for their efforts at (re)inclusion. "Formalization" which is making paternalistic claims about expatriates as a separate offshore population or as an additional administrative area of the state is an alternative strategy for establishing representative government for people residing abroad to (re)include them in their national population (Bunnell, 2004). Rhetorical shifts are frequently subtle (Fullilove and Flutter, 2004), but they can sometimes indicate a quick or abrupt change from previously labeling immigrants as deserters, as in the situations of Mexico (Martinez-Saldana, 2003), Morocco (de Haas, 2006), and China (Martinez-Saldana, 2003) (Nyri 2004).

The countries of North Africa and the Middle East, which Barnett (2003) identifies as being in the so-called "non-integrated gap," will continue to be international and internal conflict hotspots in the foreseeable future. Internal conflicts will have a significant effect on the number of migrants. The war in the Middle East will continue to be the most predictable of all international and transnational conflicts. As a result of the continuing challenges stemming from the 1948 demarcation of the Middle East's boundaries, future conflicts with a hypothetical attack by Israel or the US on Iran's nuclear facilities, as well as Turkish military involvement in northern Iraq, cannot be predicted. Despite all efforts to negotiate a peace accord, it is unlikely that the war in the Middle East will be resolved soon.

Except for Israel, there exist authoritarian mechanisms in every nation and society in the region (which practices Western democracy toward its Jewish people). There will be no hope of

long-term peace so long as there are no fundamental reforms to political structures (Ahmar 2001). Political upheaval and violence impede migration in the MENA states. Would there be a realistic possibility of creating enduring peace when effective and dependable procedures for averting open confrontations are implemented? (Houben 1996).

Realpolitik and multipolar power structures in the Middle East explain why conflicts continue to erupt in the absence of an effective framework for preventing them. Since the 2011 upheavals, there have been political changes in some North African and Middle Eastern countries, but neither democracy nor effective mechanisms for averting internal or international crises have been established. It is a fight on two fronts for the little available resources. In the MENA region, for example, states often argue over the distribution of Nile River water between adjacent countries. Similarly, if offshore storage facilities are involved (unclear sea boundaries) or if large subsurface reserves lie on borders (between Iraq and Kuwait), exploration rights disputes are to be anticipated; the war for oil is worldwide. Second, there are internal disputes about who has access to the (limited) resources of a nation (water, land, food). This has the highest potential for future conflict. Global farmland will decline from 0.25 hectares (in 2000) to 0.19 hectares (in 2025), with MENA countries seeing an even higher loss (Breisinger 2012).

Almost every nation in the MENA region has acute water shortages, most notably is drinkable water. This raises the stakes in the event of a conflict. The countries of the Middle East and North Africa (MENA) are mostly desert, are exposed to high amounts of solar radiation, and have limited sources of freshwater (Arab Water Council 2009). Due to the low annual rainfall restrictions, agricultural productivity is very climate dependent. As the global population continues to grow and environmental issues intensify, the already precarious food supply situation will become much more precarious.

Moreover, throughout the last three decades, conflicts have prompted migration in several ways. In North Africa and the Middle East, non-economic migration was precipitated by political turmoil and was localized to a few regions. As in the case of Algeria, political migration primarily to Europe occurred in the 1990s during the fight with Islamist organizations (Mattes, 2000). However, due to a lack of social and economic prospects, few young people have left the nation since the 1990s.

Because of political persecution under Mubarak, some members of the Muslim Brotherhood and other Islamist groups departed Egypt. It is unknown how many secular and Muslim Egyptians abandoned the nation due to the Islamist threat. In February 2011, President Mubarak resigned in response to large protests, altering Egypt's political climate. Political liberalization favored the Islamists, who subsequently won parliamentary elections in 2011. Islamist emigration ended after Mubarak's removal in 2011, but about 93,000 Copts deserted Egypt (Khalil 2011). Due to the military coup and expulsion of the Islamist rule in July 2013 and the ensuing escalation of violence between security forces and the Muslim Brotherhood, many Islamists fled Egypt.

CONCLUSION

Morocco, Egypt, and Turkey are three recent case studies that might inform the migratory system of migrants to Europe, Africa, and the Middle East. In the 1960s and 1970s, Morocco and Turkey had comparable migration patterns, but since the 1990s, their migration patterns have diverged significantly. Morocco had a second wave of primary-labor emigration to Italy, especially Spain, although Egypt did not engage in the same period's 'guest worker' migrations. As a consequence of future political stability and economic progress, migration from Turkey is projected to fall further, whilst migration from Morocco is projected to remain substantial over

the long run. Moroccans may soon surpass Turks as the most numerous immigrant group in Europe. While Morocco seems to have approached the ‘migration hump,' its long-term migratory potential is essentially dependent on the preservation of civil liberties and the establishment of genuine democracy. Morocco seems to be near the origin-destination income gap threshold levels at which emigration begins to fall. Increasing immigration and settlement from Sub-Saharan Africa, which has already begun, is most likely correlated with this. If recent modifications are not maintained and economic development stays low, Morocco's migration hump might be prolonged or changed into a semipermanent "migration plateau."

The Arab Spring has had minimal influence on the Mediterranean's long-term migration patterns. It is foolish to expect that substantial political and economic restructuring would lead to significant reductions in emigration. The maturation of a young, educated, and ambitious generation disgruntled with massive unemployment, dictatorial authority, and corruption has increased both emigration and the revolutionary potential of Arab states. Middle-income countries on the periphery of Europe's emerging migratory system are the nations with the highest rates of emigration. Since 2010, several southern European states have become emigration destinations. If the core of the European migration system, which is comprised of net immigration nations, continues to expand over time, future migrants may come from more distant regions, such as West and Central Africa.

CHAPTER V

MOROCCO

The year 1963 marked a shift in Moroccan migration policies. Morocco has begun to sign a series of guest labor agreements with European nations. With the signing of the labor export agreement, the Moroccan government abandoned the haphazard approach that had characterized its handling of worker immigration since the country's independence in 1956 and started an ambitious state-managed labor export program. The policy reform would affect immigrants' visibility in the state for future generations and would relate migration to development. In summary, state policies aimed at exporting workers which would in turn inspired state policies to focus on returning migrant workers' home. Observers of the state have focused on the state's "seeing" behavior and how such practices inform policy design (Foucault 1994; Dean 1999; Scott 1998; Hansen and Stepputat 2001). They have demonstrated how the state reconciles local contexts to transform a hidden social process into a visible part of state machinery. They have shown that bureaucratic procedures such as legal codification are used to simplify complicated domestic situations and reduce their unending specifics into a simplified account, allowing the social process to be aggregated (Scott 1998; Gupta 1998). The information created is critical to the state's capacity to impose control; the control is direct because of the state's manipulation of social processes (Scott 1998). This chapter presents a historical perspective on Moroccan emigration policies; it focuses on the link between emigration policies and national economic development, as well as how domestic political instability affects emigration policies.

MOROCCO: MANAGING EMIGRATION

The year 1963 also signified the commencement of a political crisis for Morocco. Long-standing tension between the urban political parties that had gained independence in 1956 and

the monarchy that they had adopted as their national symbol of resistance to French rule erupted into a full-blown conflict. An urban nationalist vision that imagined the country as a modern industrial force headed by an elected democracy, perhaps but not necessary in the form of a constitutional monarchy; and such a vision clashed with the crown's image of a nation stewarded by a strong king, to whom the Moroccan people would owe allegiance and spiritual devotion. Such a face-off between the two visions would determine the Moroccans' future into the next century. The political upheaval of 1963 started after Mohamed V's death, as his son, King Abdallah Hassan II, ascended the throne in 1961 and started a systematic campaign to consolidate power into his own hands. By late 1962, he had created a new constitution that expanded his power; he proclaimed during his campaign to ratify the new constitution that the "new royal authority is critical for the good of the people and the glory of the motherland" (Palazzoli 1974). Once the new constitution was ratified, urban political parties and their affiliated labor unions stood by their original form of democracy; they spent the following months after the ratification rebelling against the newly expanded executive powers concentrated in the King's hand.

However, the left-leaning union de Forces Nationals Populaires objected to the king's call for national unity, claiming "no national unity is possible around a feudal power of the spirit that is fundamentally reactionary and has openly invited principled action against the king" (Palazzoli 1974). The right-leaning party, the Istiqlal Party, while slightly measured in its criticism, published a tract titled "the White Book of Repression in Morocco" (Palazzoli 1974). The newspaper questioned legislative changes with headlines that read "No to the Return of Despotism and Feudalism" (Bennani 2004). Editorial pages thrashed the personification of the monarchy "and rejected the shift from constitutional monarchy to autocratic rule, holding the

monarchy directly responsible for the high level of inequalities in Morocco (Bennani 2004). For many decades, any direct criticism of the King that might emerge in print was awaited with bated breath (Entelis 1980; Zerrouky 2004; Dalle 2001; Clemement and Paul 1984).

Within a short amount of time, Hassan II had the midyear parliamentary election rigged in his favor, filling the legislative branch with his loyal men. To solidify his power, he claimed to have found a scheme to destabilize the monarchy, giving himself the authority to collect all his parliamentary opposition leaders. They were sentenced to solitary imprisonment and then executed. The new king did not stop at the legislative body; he also cleansed the armed forces of opposition supporters and repurposed the military as an enforcer of his dictatorship (Entelis 1980; Zerrouky 2004; Dale 2001; Clement and Paul 1984). Even with all these metrics, Morocco's towns remained tense. Worryingly, the countryside saw several revolts. Expelled peasants colonized farmland and had to be removed by force, a troubling tendency for rich landowners (Farsoun and Paul 1976). Morocco's popular unrest shifted toward authoritarianism, and its economic ramifications reached a peak two years later, in March 1965, when student and worker demonstrations rocked Casablanca, Fez, and Rabat. Following a deadly act of repression that led to 400 deaths and thousands of injuries, the king declared a "state of exception", adjourned parliament indefinitely, suspended the constitution, and claimed complete legislative and administrative authority.

The hopes of Moroccan independence fighters to liberate the country and replace French colonialism with a constitutional monarchy were ruined (Entelis 1980; Zerrouky 2004; Dale 2001; Clement and Paul 1984). During the political instability of 1963, the Moroccan government began negotiating a formal agreement for the export of its employees. Morocco and West Germany signed an agreement in May to recruit Moroccans to work in Germany's

industrial sectors, as Germany faced a labor shortage so severe that it threatened to slow down industrial production in its post-war expansion. A month later, a similar agreement with France was signed. "Moroccan workers were later exported in large numbers to the French assembly line and cultivated their agricultural land. Belgium was also facing an increased demand for labor in its mining industry, which led to the Kingdom's finalizing a labor convention in February 1964. What's more, in May 1969, the Netherlands discovered that Moroccan labor was transferred from France to Belgium, and the supply was insufficient and needed its share of workers. The Netherlands subsequently signed a labor agreement with Morocco (Khachani 2004; Frennet-De Keyser 2004). This response was not a new concept, and the timing was not accidental. Several European countries, including France, have approached Morocco since its independence to arrange worker programs, but the Moroccan government's reaction was wary at best. The Moroccan state was inattentive and disinterested; the state granted work permits haphazardly with no specific criteria to follow.

In 1963, however, an abrupt reversal of the policy was in place, as the government became suddenly responsive to European offers (Belgundouz 1987). The labor accords were critical to Hassan II's counter to the political crisis. Hassan II attempted to deal with intense urban discontent; he turned to the societal elites to countervail political legitimacy (Leveau 1976). The new king tried to build strong relationships with the support of the countryside and ensure that their loyalty was sufficient to balance the demands for political change and legislative representation. In adopting this strategy, the king followed in the French colonials' footsteps by remaining in Morocco. In a classic divide-and-rule stratagem, the French had delegated the task of exerting control of a rural area to the local elites while assigning mercenary allegiance to the new agent to create a countervailing force against public demands. Hassan II tore a page from

the French colonial history book and propped up the urban elites, abandoning plans of modernization that would have benefited the urban middle class. By doing so, the king followed a model of agricultural economic development tailored to serve large landowners' interests." Hassan II ignited the ancient colonial dream of transforming Morocco into California in Africa, where commercial farms would produce agricultural products and grains for export." Even more than that, he permanently erased the idea of land-ownership restrictions, which had been a core part of the independence movement (Leveau 1976; Daoud 1981). The Achilles' heel of this California model of farming is deepening rural poverty, which is already fueling unrest in the countryside and the urban centers.

The poor, who had fought starvation in the 1960s, were assembling to demand land access and were resorting to armed uprisings to underscore their case (Farsoum and Paul 1976). Many rural poor people have also moved to urban centers, and while in these cities, they are faced with economic stagnation and high unemployment, they have no choice but to join the ranks of urban protesters (Clement and Paul 1986). At the heart of the problem with the California model was that it was structurally organized around the displacement of workers. Commercial growers tended to avoid any technological advantages and rely solely on cheap labor to maximize their profits." Most importantly, they required a labor force that was readily available at a moment's notice to harvest crops that were almost ripened all at the same time on vast lands that specialized in the narrow line of production for export.

The crown's adopted process was driven directly from the colonial model of commercial agriculture to which Morocco returned. The crown repurposed the optics that had been used by the French colonial administration before. The techniques of how the state tracks workers would guide how the government would deal with them decades after the Work Accord.

THE COLONIAL DREAM OF BUILDING CALIFORNIA IN MOROCCO

In 1929, Marchal Lucien, the resident general of France's protectorate in Morocco, commissioned a delegation to California to study the arboriculture and irrigation systems that made California a successful agriculture model. The wheat production was already established in Morocco, but the colonial administration wanted to expand the production to include fruits and vegetables to export to the European markets (Swearingen 1985). Distinguished French geographers valued Morocco's "fat" soils, which they assumed to be one of the most fertile grain-producing regions globally (Swearingen 1985). The French romantic expectation that the Souss valley would harvest an assortment of fruit trees, including olives, figs, apricots, pomegranates, and cherries, but with an ironic twist, the fertile soil assumption did not come to pass. The dark soil was not a result of organic matter but indicated high levels of iron and salts (Swearingen 1985). The colonial imagination also saw the mild ocean breeze as an opportunity to produce a wide variety of vegetables and expand the citrus production that already existed (Hoistington 1985). The French romantic vision also had permanent consequences on the rural communities; the dream model was organized around large estates that utilized cheap labor for large scale production. In order to restructure local power relations, Protectorate policies had to alter the distribution of land; in doing so, it transformed the rural peasantry from one that made up communities and engaged in subsistence agriculture to a landless labor force exploited by large agriculturist elites (Hoisington 1985; Swearingen 1985).

The French government started by promoting the allocation of extensive track lands and giving preference to French elites and established companies that had the means to buy large parcels of land. During the French rule over Morocco from 1912 to 1956, 1.2 million hectares of land, which accounts for a quarter of all cultivable land, were transferred to French ownership.

Private holdings were purchased from Moroccans under very favorable terms enforced by the colonial administration. Moreover, the land grants range from 250 to 400 hectares (Swearingen 1985; Daoud 1981; Safi 1990). To make land available, the colonial administration uprooted hundreds of thousands of small farmers using military and administrative means. In places where peasants rebelled, residents were immediately and violently removed from their lands. More often, the administration refused to recognize property rights, many of which were communal and held by tribes and lacked any legal documentation, making the lands ownerless under the French colonial legal system. The colonial administration felt free to appropriate or purchase the lands at a price well below the market price (Bidwell 1973). Over time, the urban nationalists became more organized and engaged in open resistance. The national movement, at first made up of the educated middle class, expressed reluctance to cooperate with the French (Hoisngton 1985).

The colonial administration responded by reinforcing their alliance with the rural elites and enacted rules to ensure that the California agricultural model took root in the countryside. The French colonial administration was able to carry out the massive transfers of land by sharing the spoils with Moroccan elites. By adopting a particular policy toward the natives-Politique indigene, the French engaged in building alliances with the tribal leader "Caides." The French colonial administration empowered the Caides with material resources through purchase and land acquisition. French residents generally retain Caides as tax and public order supervisors in rural areas. In doing so, the French secured a rural support system for agriculture exploitation on which the French imperial project was built. In exchange for loyalty and support, France gave the Cade family quasi-discretion over people and goods (Leveau 1976). The local elites coalesced into a base of the French’s support as a political counterweight to the king and the

independence movement that was starting to take hold in the country. Under the colonial administration, the king's power was diminished, yet the French could solidify their control to supersede him. The Nationalist movement was made up of the educated middle class in the cities and was reluctant to support the French (Hoisington 1985). Over time, the nationalist movement evolved into a more organized confrontation with the French with more open defiance. However, the French wanted to ensure a well-established colonial agricultural control, which was aided and abetted by Moroccan elites as the most effective guarantee that France could maintain its hold on Morocco (Leveau 1976; Hoisington 1985).

The colonial land policy, with its wholesale disposition of small farmers, gave the French access available to vast commercial agriculture production at low wages, but the French did not account for the ruthless taxation and land enclosure practiced by the Caides; such oppression was an essential factor in causing the tribesmen to forsake their homes. By 1935, France's loyalty to Caides of Morocco resulted in the displacement of 100,000 farmers. 2% of the entire population worked as full-time and seasonal workers on large colonial farms (Daoud 1981). In the 1930s, the French were able to market Morocco as a successful agricultural investment model with a cheap supply of labor (Hoisington, 1985). To manage the labor movement and make the agriculture model succeed, the colonial administration created a system that regulated laborers' movements to ensure their availability but did not destabilize areas where the French authorities governed. For instance, tribesmen could only leave areas where the colons had excess work

COLONIAL EMIGRATION POLICY

During World War I, from 1914 to 1918, France recruited 35,000 Moroccans as soldiers and an additional 30,000 laborers to dig trenches and work in the munition industries. By the end of the war, some were repatriated or returned on their own, but some remained in France to work

in post-war expansion. Emigration from the protectorate rose dramatically after the 1920s, when land enclosures began in earnest and displaced tens of thousands of workers. The migrants were able to use the foundation of social networks fostered by French labor recruitment. With the colonial agriculture program's success, particularly in wheat farming, the French agriculturist complained about a labor shortage. In 1925, the French administration added another set of restrictions to control emigration, including monetary fines and six months' imprisonment, issued against any worker who left employment in Morocco. In 1929, the colonial administration discovered that many Moroccan workers circumvented the new restrictions by crossing to neighboring Algeria, a French territory at the time, and then traveling to France, which pushed France to make a full prohibition against any emigration from Morocco. In 1929, the number of registered immigrants fell to 71 Moroccans (Belguendouz 1987; Atouf 2004). By 1929, commercial farming production was in over-expansion except for 1930, when an invasion of locusts devoured much of the yield. The French restricted Moroccan wheat producers from accessing the French market because the French wheat market was depressed, driving a quarter of Moroccan agriculture into bankruptcy (Swaringen 1985). In response to the labor surplus, the colonial administration rescinded the migration control. However, Moroccan agriculture recovered as farmers diversified their crops, introducing a large selection of fruits and vegetables. In 1938, the agriculturists in Morocco reported a labor shortage again, but France was at war and in need of additional men. France recruited 100,000 workers and drafted an additional 200,000 men for combat; if Moroccans refused to "complete their social responsibility and defend the nation" (Belguendauz 1987), the French enlisted workers and soldiers by force. After the war, France repatriated Moroccans back, and by 1947, the number of Moroccans in France dropped to 10,000, and migration restrictions were reinstituted until Morocco's

independence. Besides the restrictions on labor movement in the rural areas, the French used emigration policy to diminish resistance to its rule as it systematically recruited workers and military from hostile areas toward the French colonial administration. The Resident-General Lyantey directed recruitment from regions such as Marrakesh and Mogadore, which were known for their dissidence (Belguendouz 1987), hence directing recruiters to the Souss area of the south. The Souss engaged in a fierce resistance against the French until 1936. It was not coincidental that over 80% of the recruits were from the Souss (Atouf 2004). Belguendez (1987) made it clear that every departure of a Moroccan removed a rifle from the resistance, and every return was a promotion that maximized France's image in Morocco (Belguendez 1987). The French saw the remittances that migrants sent home as leverage to foster the acquiescence of rural residents to colonial land and agriculture policies. The consensus was that the "Moroccan south received much of its resources from France." Such resources allowed it to Sustain, and its pacification took place almost as much in French factories and mines (Belquendouz 1987; Atouf 2004).

The monarch aggressively promoted stability by encouraging the establishment of a major farm model held by rural elites, as long as they adhered to his rule. Following Morocco's independence, they sold about 400,000 of their valuable land holdings at reduced rates to the crown and elites, while the Moroccan state seized the remainder (Clement 1986). The government was only able to allocate one tenth of the land to small farmers. The remaining unallocated land remained state property or was awarded to rural nobility in return for their devotion to the crown and its policies (Entelis 1980; Dalle 2001). Following independence, the crown's actions resulted in an uneven allocation of land in North Africa (Ashford, 1969). Between 1961 and 1963, three and a half percent of landowners-controlled thirty-three percent of available land, while the poorest sixty percent shared seven percent. By 1974, the land

distribution had become even more polarized: the number of big landowners had increased somewhat, with 6% of landowners claiming 50% of all accessible land, at the cost of the poorest, who were limited to sharing just 4% of the remaining arable surfaces (Safi 1990; Daoud 1981).

When evaluating Morocco by region, the land concentration is observed to change throughout this period in time. In the Haouz area in central Morocco, for example, one percent of landowners held 38 percent of the land by 1980; in the Gharb region of central north Morocco, the state and Moroccan capitalist elites-controlled 45 percent of the land by 1970. (Daoud, 1981). Predictably, the monarch, with the permission of the Moroccan government, built on the existing colonial land strategy and continued the same colonial practice after 1965, adopting a new version of the "California Model" of commercial agriculture. A policy like this has a tremendous economic influence on both rural and urban areas. Even though land concentration was exacerbated by increased life expectancy and high birth rates, rural poverty persisted; in 1960, when three-fourths of the Moroccan population resided in rural regions, rural poverty remained severe. According to a household consumption survey, the Moroccan agriculture project expanded at a healthy rate of 4% per year from 1960 to 1970. However, close to 80% of Moroccan rural households experienced extreme poverty, highlighting extreme economic inequality, and the level of purchase power for rural households dropped by half. Not only did the poor suffer during this period, but the middle class also saw a decrease in their spending: The share of expenditures represented by the lowest 40% of the population fell from 20% in 1960 to 14% a decade later, while the richest fifth of the rural population increased their expenditure by about 20% (World Bank 1981: 223).

Rural Morocco has a high degree of severe inequality, which forced people to migrate to cities at an unprecedented pace. Between 1960 and 1970, internal migration surpassed 100,000

per year, having a transformative influence on the metropolitan areas 3 million population. The population of metropolitan centers was doubling every decade, expanding at a pace of 6% each year (Safi 1990). During the 1960s, the kingdom's capacity to provide jobs or economic prospects was questioned, and unemployment ranged between 30 and 50 percent. The remainder of the population was either unemployed or engaged in the shadow economy (Garson et al. 1981).

EXCESS LABOR MANAGEMENT

To control extra labor in rural and urban centers and reduce the political danger to the "California Model" of production, the king and his rural elites relied on a tactic that had proven effective in tempering excess labor during the colonial occupation, emigration policy. To export excess labor, the Moroccan government approved guest worker agreements with France, Germany, Belgium, and the Netherlands in 1963. During the protectorate, the kingdom, like the French, retained significant administrative control and allocation over labor contracts. According to the requirements of the treaty, the Moroccan Ministry of Labor believed its role was to arrange for foreign firms or governments to recruit Moroccan employees as needed (Ministry of Labor, 1963, 1964, and 1969). The Moroccan state exported a sizable portion of its labor force under the guest worker conventions in the late 1960s and early 1970s; the kingdom was able to nearly five-fold its labor export between 1963, when the first conventions were ratified, and 1974, when Europe closed its borders to labor migration. From a low of about 60,000 in 1963, the overall number of Moroccan migrant laborers increased to almost 302,000 by 1974. Morocco was able to export 12% of its labor force to Europe (Iskander 2010).

The transfer of labor to Europe was critical in lowering Morocco's unemployment rate by 25%. Emigration under guest worker agreements had a considerable geographical bias toward

rural regions, implying that the kingdom intended the guest worker program to recruit from rural labor markets. Using an ancient colonial approach to calm regions suffering from political upheaval, the kingdom focused recruiters to areas deemed recalcitrant; for example, Belgian and German recruiters were particularly active in the Rif mountainous region, in the northern part of the country. The Rif region of Morocco was infamous for guerilla battles, the acts of which were crucial in winning independence. However, upon their freedom, they resurfaced as a movement concerned with national representation and regional identity concerns. In 1958, Hassan II launched a 30,000-man campaign to crush the movement, which resulted in the deaths of 3000 troops and the marginalization of a region. Such a history made the area a great match for exporting labor from outside the country. Between 1962 and 1972, emigrant labor recruitment was disproportionate to the Rif and neighboring regions. The administrative areas of "Rif" and "Al Hoceima" recorded labor emigration rates of 26 and 19 individuals per thousand inhabitants, respectively, whereas the remainder of Morocco averaged less than ten people per thousand residents (Belgendouz 1987). Despite accounting for just 3% of the kingdom's overall population, the Rif and Nador area would account for 18% of all migration from the kingdom (Bossard 1979).

The Moroccan hope was that exporting labor would have a favorable influence on the country's economic growth, necessitating the establishment of new institutions to reap the advantages of emigration. Labor export would raise remittances, providing access to foreign cash, hence launching capital investments, and increasing employment for the rest of the population (Belgendouz). Both the 1967-1972 and 1973-1977 plans outlined several institutional steps to strengthen and protect the economy. The Moroccan plan aimed for the "creation and establishment of a bureau responsible for managing the beneficial consequences of emigration."

As emigration grew more prevalent, the state got more involved in reaping many of its advantages; Morocco realized that regulating emigration would also include monitoring emigrants. The approach aimed to keep immigrants linked and involved with them overseas, and the method was a reapplication of colonial techniques to monitor and control them.

PEOPLE'S BANKING

A state-owned bank with a network of credit unions and significant private savings and investment operations, La Banque Centrale Populaire du Maroc (BCP) was selected by the kingdom as an alternative to expensive informal transfer networks for migrant workers. It gives banks instructions on how to deal with migrant workers via proper procedures. According to a 1968 letter from the Ministry of Finance to the BCP, the bank was ordered to complete the development of a sophisticated system so that the government could oversee the repatriation of workers' funds in Europe (Laftasse et al. 1992). It was the only bank in Morocco that met the needs of emigrant workers, according to the state, and the Ministry of Finance entrusted this responsibility to the BCP. As part of Morocco's immigration strategy, state-organized recruiting from rural regions and detailed tabulations of the job for which migrants were hired highlighted both migrant workers' rural origins and their significantly higher salary levels. An important part of the BCP's duty was to ensure that migrant labor was being used to create a new middle class in both urban and rural areas. When evaluating the early years of the BCP, we can see how the state anticipated the contributions of immigrants. An official network of 15 state-sponsored credit unions was founded by the colonial authorities in 1926 to provide loans for agricultural projects. The credit unions were handed over to the Moroccan state by royal decree in 1961 and combined into the BCP when Morocco gained its independence. When it bought the credit unions, the Moroccan government also chose the discourse of the credit unions, defining the

institution as a revitalized expression of "a banking model based on notions of reciprocity and partnership" (BCP 1986), which was in line with Morocco's economic needs and political identification.

FORMALIZING THE RELATIONSHIP

Rural landowners and small-business owners in metropolitan areas were given a "hands-on" introduction to banking ideas by the BCP, which specialized in "low-end" customers and tailored its business model to meet their needs. Branches termed "camion-guichets" or "van-branches" were set up by the BCP to serve isolated rural communities that had previously been unable to get banking services. As a result of the bank's large client base and the unique information system it established, BCP was able to manage and cut the expenses of many minor transactions. The BCP was responsible for helping migrant employees send money back to their families through the postal service; the bank called the initiative "an accommodation strategy." As part of "Operation Moroccan Employees Abroad," established in 1969, the financial service offered to accompany workers to the post office and fill out a money order form; all the migrants had to do was sign their name and, occasionally, apply a fingerprint. The money was sent to a BCP account in Casablanca rather than being sent to a particular recipient. Once the money had been sent, it could be accessed at any time by the migrants themselves or anyone else with access to the account via BCP's developing network of regional bank offices or mobile banking centers. With today's technology, the full procedure might be completed in as little as two business days. To ensure that migrant funds did not "override the state control" when they were transferred via the bank, it fulfilled the mission given to the bank by the Minister of Finance. Simple in design, BCP's invention helped alleviate social barriers that kept migrants from taking advantage of traditional banking services.

MOROCCAN STATE LABOR CONTROL TACTICS AND PRACTICE

The kingdom tried to impose control over Moroccan laborers in Europe by establishing a network of so-called "Friendship Societies" or "Amicales" to support the mysterious "management consultants" who were dispatched to European businesses that exploited Moroccan labor. The first "Friendship Society of Moroccan Workers and Merchants" was created in Paris in 1973, but other European cities with large Moroccan labor populations quickly followed suit. The avowed mission of the Friendship Societies was to "create relations with the consulates, with the government of both countries, and, more broadly, with all groups concerned with the predicament of Moroccan workers and dealers and their families." Belbahri (Belbahri, 1994) The neglect of development by the kingdom posed a significant challenge to numerous areas of the country; the change of the Souss regions illustrates the link between power and practice. The Souss communities were able to redirect state practices, demonstrating the capacity to alter the entrenched power structure.

Furthermore, this demonstrates that practice and power are mediated by knowledge; the relationship between the development of practices and knowledge is widely conceptualized. Numerous observers of organizational work practices, for instance, have shown that simple ways of completing tasks lead to innovations, new solutions to problems, and difficult-to-codify new ideas (Prichard 2001; Schon 1983; Seely-Brown 1991). This convergence has spawned a field dedicated to knowledge management, which has been defined as "the competence to grow and benefit from knowledge creation in order to build an organization" (Churner et al. 2001). According to Polanyi, people can only integrate the "knowledge" fused into the activity by participating in it: "We may say to absorb these things or pour ourselves into them." We make things meaningful by concentrating our attention on them by being in them. (1969, Polanyi) As

practice modifies and reshapes knowing and knowledge, the purpose for which these practices were initiated will impact the emergence of new practices and new forms of knowledge.

STATE STRATEGIES

The partnership between the kingdom and the Souss' in delivering much-needed infrastructure changed well-established development policy procedures, and as this process transformed the state's infrastructure practices, its meanings evolved. States increase their understanding of growth through participating in local communications and studying technical and social practices to meet infrastructure needs. State technocrats have turned their emphasis from the debates and simplifications of national development plans (Scott, 1998) to the needs of local communities. Engaging necessitated a reevaluation of the political process's once-justified economic disregard for the rural portions of the kingdom. State actions and the "knowing" were not the only things to change; when local Soussi and immigrants participated in the process, their perspectives were also transformed. They started to see themselves as Soussi immigrants and peasants partnering with the state to determine the development prospects of their own communities; they saw themselves as protagonists shaping their own destinies. They began to see themselves as local heroes and to strengthen their identities as villagers who were also immigrants and who could contribute to the creation of their community, as agents of change, and they began to view themselves as more than remittances.

CHANGES IN EUROPE INDUCES DEVELOPMENT IN MOROCCO

Far from Morocco, migrant workers in the south of France, in the heart of the French Alps, sustained economic loss as France's largest aluminum production plant (Pechiney), which employed a significant number of Moroccan migrant workers, encountered a slowdown during the 1970s oil crisis.

After several attempts to cope with the lack of demand, the plant implemented massive layoffs. The plant was able, under political pressure to arrange some severance pay for its workers, but it excluded its migrant workers. After losing their employment in France, some of the Moroccan migrant workers wanted to return to Morocco. They attempted to collect similar benefits as the rest of the workers did. Pechiney rejected the worker's attempts claiming that the funds were meant to develop their town in the Argentiere valley of France. Since the reward was a form of severance pay to the workers, the migrants could sue Pechiney in court and win, Pechiney had to settle the case. The Moroccans, originally from the Souss region of Morocco, started planning to return home (Daoud 1997; Mernissi 1997). The returning migrants created an association designated for the return (retour et developpement) to development. Most of those migrant workers had contributed to the development of their communities in some way or another by sending money to dig a well or build a community center, but this time it was more of an aggregated approach. An effort that utilized all players and connections established at home or in France to build an integrated effort that can address the ongoing obstacles that stood in the way of development making it impossible to achieve. Poverty and the lack of infrastructure was restricting development, this was communicated between the migrants and the locals at home.

The villagers made it clear that without infrastructure, especially electricity any effort to improve their condition would be impossible. The migrants wanted to enhance the infrastructure that isolated their community restricting development for decades. The members of the association participated by creating a fund utilizing their settlement money received from the aluminum plant Pechiney. The emigrants engaged the locals in this process, and they started to learn about the need for electricity as an intricate part of development. The social networks that migrants were able to bring to the table proved to be an integral element of the process of

growth. The employees began the process by contacting the French Agency for the Environment and Energy Management (ADEME) and requesting assistance to electrify the town of Imgoun as the first pilot project. The Moroccan National Office of Electricity commissioned the ADEME to examine the viability of establishing a decentralized solar power system in rural Morocco, which made the proposal appealing to the agency. For the ADEME, Imgoun was a starting point, and the immigrants found a partner to assist them to combat the environmental issues confronting their communities, as indicated by retreating subsurface water, which allowed them to restore their agricultural areas from existing desertification (Missaoui 1996, Butin 2004).

The Moroccan's government approach to remittances was not constrained by the expense of integrating migrants into the official financial system. The administration considered Moroccan emigration as an extension of the country's employable national resources. They saw Moroccan employees' salaries earned in Europe as a source for national investments. Bringing migrants into the financial system was considered by the government as neither an effort to influence migrants' spending patterns nor a strategy to compel them to invest. The Moroccan government has little interest in converting migrants into investors or even incorporating them in the formulation of local community development initiatives. In contrast, it intended to utilize their salaries to subsidize what it termed the modern industrial sector, which did not include the rural economies where most emigrants resided. Despite this, the administration's success in integrating migrants into the official financial system merely provided the migrants with the means to alter the government's development goals to include the rural regions that it had so consciously disregarded.

The BCP was able to solidify its position as the principal tool in the country, working to bring immigrants and their money back to the Moroccan economy. The bank extended its

services to other European nations, such as Italy and Spain, throughout the 1970s, when it began its "accompaniment" social policy. The bank was aggressive at targeting migrants by soliciting them in their workplaces, residents' homes, and social gatherings such as cafes. The BCP staff socialized with the workers and offered them support beyond their financial services. It's like getting children to school or assisting immigrants to enter the healthcare system. The relationship between the BCP and Moroccan workers created new BCP offerings; they were designed to capture the much-needed technologies in which migrants needed to stay connected with their loved ones. Using mainly cell phone technology, the BCP started to send SMS messages to workers confirming their remittances in addition to the paper receipts to maintain and ensure trust between migrants and the BCP. Moreover, BCP has invested in the entire kingdom (including remote areas) to build an extensive ATM network. The Moroccan engagement with a state institution such as the BCP brought the process of institution building as a core structure to the feedback mechanism between migration and development. The influence of remittances on the development of Morocco stems from the financial intermediaries formed by immigrants and the country. This is a story of participation, not the direct impact of immigration on development; this is a joint effort. The immigrants did not participate because the state was a passive actor, and the state did not force the immigration process by seizing their remittances. Somehow, migrants and state actors engaged with one another to create institutions that permitted emigrants to support the goals they had for themselves and their villages even as they facilitated the government's exploiting of the remittances that migrants sent home.

The level of involvement between emigrants not only created a process of acting in partnership, which certified the integration of migrants into the kingdom’s formal financial structure. It also created a new understanding of what development was and where development

should be initiated. The Moroccan government saw development as a two-dimensional national effort of extensive urban industrialization and the expansion of its large agriculture production model, but as migrant investors anchored their investment in the financial system, they started to question the national strategy for development. They utilized both financial and political power to push for their own brand of development in their rural communities, which was mostly ignored by the government. The Moroccan government was fully committed to bringing migrants' remittances into the formal banking system and keeping them as loyal clients who continued to increase deposits and savings with the bank. During the 1970s and 1980s, this was no small task. In the 1970s, Europe fundamentally redefined its immigration policy.

The main objective for the Moroccan government was to sustain access to migrant funds to secure long-term investments. In the mid-1970s, the government offered a new economic incentive plan to narrow the gap between the 3 percent interest rate on savings and the variable gap between European currencies and Moroccan dirham. As the French currency began to drop relative to the Moroccan dirham, the Moroccan treasury created a "fidelity bonus" of 3 percent on all deposits to the BCP. Despite the government deficits, the Moroccan treasury was diligent in protecting migrants from exchange rate fluctuations, especially when export values dropped.

As for infrastructure as a crucial development strategy, the king directed development toward rural regions. The king established a new infrastructure program that depended on cooperation from the World Bank and other partnering organizations such as the EU and UNDP. At first, the Moroccan government implemented several projects to address the absence of vital services in rural Morocco. Three main initiatives served as the cornerstone for the new strategy: the PERG electric program was especially intended to deliver electricity to rural regions; the PAGER to supply water; and the PNCRR to develop a road network to remote areas. These

projects were created to put an end to the country's isolation and neglect. The World Bank was actively engaged in the development process, initially providing Morocco with about 200 million dollars between 1997 and 2000. This loan was launched under the leadership of the past with a lack of ambition to finish the development. Only 50% of the non-adjustment loans were judged acceptable by the international banks, a significant portion of which went to the three key rural infrastructure schemes. Two trends appear to have resulted in these mixed results: the government agencies responsible for conducting complex surveys and arguing over program design rather than acting; when they did act, they favored the non-poor and focused their resources on easily accessible semi-rural areas near urban centers (Van der Walle, 2004).

At the time, the projects were the only institutional mechanisms available to satisfy the needs of rural Moroccans. Following the new king's announcement of a shift in development strategy, the plans were expeditiously expanded, if not immediately in terms of financing, then in terms of execution (Levy 2004; van der Walle 2004). The electric program (PERG) was successful in doubling the communities' access to electricity between 2000 and 2003. What is more important is the ability to increase villages' access to solar panels (www.one.ma). The newly developed initiatives PERG, PAGER, and PNNR have boosted the technical and social inclusion advantages across the kingdom. The three programs resulted from exploratory communication with emigrants and their rural communities. This was notably true in the Souss region of Morocco, where significant government agencies altered their infrastructure delivery methods. They replaced their 23-year-old conceptual approach with a new one. The towns at issue required a transition from adhering to a set of conventional criteria to valuing locally produced solutions that were customized to the geography and socioeconomic features of the communities in question. Importantly, infrastructure transformed intangible concepts into reality

due to the engagement of migrants who emphasized the necessity for contextual interpretive dialogues as the basis of growth.

Therefore, the programs came to represent a very different viewpoint on development than Hassan II's top-down approach to economic growth via state management. As the implementation of the PERG, PAGER, and PNCRR was hastened throughout the kingdom, state officials became aware of the process that led to this new vision of development, and particularly the engagement of emigrants in that process. Mohammed VI recognized the transformative influence emigrants have had on their home communities and government entities. By offering access to remote communities, the education efforts have expanded opportunities and enhanced output. For instance, the building of rural roads under the PNNR program enabled markets, employment opportunities, and access to healthcare and education. The PNNR was an example of a governmental and local community partnership. During the first phase of the PNNR, one thousand kilometers were constructed annually, boosting access from 36% in 1995 to 56% in 2005. The accomplishment increases the annual goal to 2000 kilometers. The PNRR represented and illustrated the prospect of state and local community partnership; the state launched the projects, while local councils co-financed them. The decentralization of resources increased the participation of rural communities. This kind of partnership was particularly beneficial to the development of disadvantaged and remote regions.

THE ROLE OF EMIGRANTS IN LOCAL DEVELOPMENT

Mohammed VI believes that immigrants may contribute to the development of their native towns. Mohammed VI attempted to use emigrants from the very beginning of his reign to promote regional development, and rural development in particular. In his first letter to the Prime Minister on the topic of economic growth, he referred to immigrants as "dynamic agents" and

instructed the Prime Minister to include them in the National Development plan he was at the time preparing. As he emphasized in his letter, which was the only one with a positive tone, “We commend the efforts of our loyal subjects living outside the national territory in the area of investment, and we encourage them to continue in this vein given the numerous and significant benefits they have generated for themselves and for Morocco” (Mohammed VI, December 1999).

Mohammed VI's first development plan lacks clarity about the role of immigrants as agents of economic and social reform. Government organizations responsible for providing basic infrastructure (such as water, electricity, and roads) accelerated projects in rural regions to meet the king's new objectives, the contribution that immigrants had made to the development of the country became increasingly apparent. Instead of reverting to the more restrictive arrangements of the 1970s and 1980s, the Moroccan government, in its political discourse with migrants, restricted the interpretative participation it had explored in the early 1990s and returned to the arrangements in place during those decades.

However, the Morocco’s government position on involvement has changed. The decrease in emigrant labor organizations that began in the late 1980s and persisted throughout the 1990s became a permanent trend because of the diminished output of the industrial sector in the EU along with an increase in immigration.

At the time, many immigrant children and grandchildren were still young, thus Moroccan labor groups refocused their efforts on promoting cultural events and offering help to their children and grandkids. This was done by either a shift into the service industry or retirement. Therefore, the Moroccan government moved its focus from monitoring labor union activity to identifying the cultural links that bind Moroccan families together. As the number of illegal

emigrants crossing the Strait of Gibraltar increased, the crown's objective shifted away from portraying Moroccan immigrants as obedient, devoted workers who were advantageous to European businesses. As the number of illegal immigrants increased, it became more difficult to maintain this stance. Connecting young and elderly migrants to the Moroccan economy via the creation of a distinct national identity was the ultimate responsibility of the Hassan II Foundation.

The sending of remittances back to one's country of origin is not only an essential means of keeping immigrant families linked, but also a feasible instrument for potential economic advancement. Even though in recent decades there has been a high level of cooperation between Moroccan immigrants and the government, it is hard to anticipate the long-term sustainability of these remittances for the following reasons.

- To ensure the continuous functioning of such a scheme, it is essential to generate new waves of immigrants; yet there are new limits in place.
- The European Union is incapable of formulating a coherent migration plan. Due to this deficiency, the legal availability of Moroccan employees in Europe is constrained.

In addition, as earlier immigrants and their families age, the quantity of money they send back to their home countries will decrease. It is true that children born in other nations continue to send money home to their families, but the rate at which they do so is far lower than that of their parents' generation. A considerable proportion of them have successfully assimilated into a new host nation and achieved citizenship; consequently, their spending and remittance habits are different. Those migrants with a higher level of education are less likely to send funds back to their home country and more likely to invest in real estate in their new country of residence.

Slow economic growth, growing unemployment, and more austerity are predicted to have a detrimental impact on remittances.

CONCLUSION

For decades, the Moroccan government has monitored emigrants, established institutions, provided space for dialogue, and authorized its institutions to translate interpretations into policies. The financial entanglement, the effort of the friendship society, and political machinery were instrumental in sustaining the engagement and keeping migrants connected to their home's economic interests. Migrants acted with skepticism and appreciation. While some rejected the dialogue, others accepted the process and made the conversation about their own communities. When the government attempted to control the process, migrants were able to convey and articulate their goals. At times, they challenged King Hassan II and his administration but remained faithful to their communities and villages. At a time when the process created a byproduct in the form of active media participation, the administration shut them down and dismantled their institutions, accusing them of treason, afterward the government rejected all forms of political dissent. This process terrified migrants at the time, but the government was always ready to restart a new discourse. Immigrants are seen as a valuable resource that the royal family cannot ignore, thus rejecting their wishes. The migrants saw the new reality and leveraged their position to demand more maneuvering space, reshaping the institutions the government had created. Every time the crown begins the dialogue, it evolves the process and enhances the role of immigrants in economic development. By the time Mohamed VI came to power, the government understood the profound role migrants could play in the development of the kingdom. As the kingdom became aware of the migrants' impact, so did the migrants. It became clear to migrants that their gained experiences and their collaboration with their government

could shape policy and transform their future. They also started to arrange for new rules of engagement that protected them from being co-opted or silenced, thus elevating them to true partners who could freely think and create with the government.

CHAPTER VI

EU MIGRATION SYSTEM

This chapter investigates the effect of EU immigration policies on the Mediterranean migration system covering the eleven MENA countries recognized under the EU's Neighborhood Policy and EU-28 connections (Algeria, Egypt, Jordan, Israel, Iraq, Libya, Morocco, Palestine, Syria, and Tunisia). The analysis starts with evaluating the "Partnership for Democratic and Shared Prosperity" (CEC 2011). The EU established this partnership in reaction to Arab unrest, although there has been little observable impact on change in the Middle Eastern and North African partner nations (MENA). Its evolution also looks at migration as a "hazard" to prevent, and a "risk" to manage considering the EU's new relationship. Nonetheless, the EU's ambition of developing "mobility alliances," which are key to this migratory system, is burdened with uncertainties.

Immigration discourse concerning "danger" and "risk," according to Hollifield (2004), has evolved into what he refers to as the "migration state." As Europe's international migration relations expand, this truth regarding the primacy of the state is now being questioned in the contemporary European viewpoint, given the increase of Europe's international migration ties (Geddes 2005). The EU is a complex power-sharing arrangement among member states and across government levels, but its member nations play an important role in international migration relations. In the aftermath of the Arab Spring in 2010, as well as the establishment of the EU's larger framework for migration policy, a thin line was drawn between "risk" and "danger". This divide allowed the EU to implement certain admission standards while simultaneously exerting control over migratory flows. Because such an approach has an impact on nations in and around the EU's "neighborhood," migration from EU member countries and

migration from outside the EU are connected in what is known as the Global Approach to Migration and Mobility (GAMM) (Lavenex 2004, 2006).

Because of this strategy, new sorts of "international migration relations" have emerged, with the EU as a regional organization with 28 member states and migratory linkages with numerous non-EU countries at the center. These countries are classified into two groups: Eastern European countries with prospective integration chances and the MENA area, which is unlikely ever to become a member of the EU. Despite unsuccessful EU membership attempts and Turkish ambitions since the early 1960s, Turkey has and will continue to play a significant role in Europe's regional migration context, especially in terms of international migration ties that connect Europe with its neighbors and beyond. Turkey's status is quite different from that of countries with a very low possibility of joining the European Union, which significantly impacts their political approach.

Involvement of MENA nations in EU migration policy with countries like Egypt, Jordan, Lebanon, and Morocco are being targeted in EU and non-EU migration negotiations to expand "mobility coalitions" that combine the loosening of travel restrictions to the EU for temporary labor movement with stiffer limits on illegal migration. By 2012, the EU had just four mobility agreements: Cape Verde, Moldova, Georgia, and Armenia (CEC 2009). Neither of these four nations contributes significantly to EU migration. The creation of mobility partnerships for MENA countries may be considered as an example of the EU's effort to reduce the "risk" of migration via political involvement. However, it is not apparent what "mobility" denotes in these situations. A substantial focus on border controls and security seems to be the EU's primary concern, while a focus on mobility management for highly skilled individuals appears secondary. The EU member states' response to migrant flows from MENA countries during the Arab Spring

was particularly evident in their focus on 'immobility first', including attempts to increase border-control capacity.

For the purpose of examining the EU's migration system and the EU as a political framework and the characteristics of region-aligned, supranational EU governance, as well as the EU's international migratory linkages are examined from a theoretical standpoint. Afterward, a brief history of the method's development and some of its most essential components will be examined. As a final step, the system interacts with external migration systems to regulate migration danger and risk.

THE EU AS A POLITICAL SYSTEM

Instead of delving into the EU's political structure and expanding foreign policy, this section aims to provide a high-level overview. The EU's external elements have gotten intertwined with "interior" concerns such as immigration. Hollifield (2004) had noticed that in developing discourses about immigration and integration, the fight over "the migratory state" has a strong supranational EU-level component. As Europe quests for new identity (Serfaty 2005) a new political system began to take shape in which it played an increasing influence in policy and politics. Because of the Lisbon Treaty, migration and asylum have become more "normalized" political issues. According to this arrangement, the European Parliament, and Council of Ministers (which utilize a qualified majority voting method) share power with EU institutions. Initial referrals from lower courts in member nations requesting clarification of the link between EU and national law may now be ruled on by the Court of Justice (CJEU) (Acosta Arcarazo & Geddes 2013). Nevertheless, only a part of EU migration and refugee policy is covered by EU authorities. Because it has no control over the number of migrants allowed to join the EU, the EU is wary of "unwanted" migration flows, including asylum seekers and irregular migrants.

Individual member states are responsible for deciding how many migrants may enter the EU. A conversation among the EU's member states as if it were merely operating as their agent does not do justice to the EU's complexity.

There are several autonomous supranational organizations in the European Union, such as the European Council of Ministers, the European Commission, the European Parliament, the Court of Justice, and the European Central Bank itself. There is a different supranational governance system in which these institutions operate. This system is distinct because no other international organization has the same level of lawmaking authority as the EU; it is supranational because it exists "above" and beyond the member states. The EU governance is a complex, multilevel system that cannot be fully understood by relying solely on the familiar reference points of comparative political analysis. When it comes to political analysis, the EU's multilevel administration questions a vocabulary that uses the state as a standard. According to Schmitter, the language we use to talk about politics is "constantly loaded with state assumptions" (1996: 132). Even yet, this does not mean the states mentioned above are no longer significant and have vanished from history. In other words, the environment in which they operate has changed.

MODERN SURVEILLANCE TECHNOLOGIES

Focusing on the activities of security agencies and the installation and consequences of new population control technology, are critical. Securitization and population control are the cornerstones of EU liberalization from this viewpoint. Following the Maastricht Treaty (1992) and the establishment of the EU as an "Area of Freedom, Security, and Justice" after the Amsterdam Treaty, demographic "targeting" took on an EU component (1997). In this way, security experts and other government officials were able to work together more closely, and

dangers were better represented at the European level. Relationships between states and non-state actors are best seen as heterarchical rather than hierarchical in the multilevel EU field (Walker2004).

The Lisbon Treaty continued this tendency by consolidating EU migratory powers. Europe's migration strategy reflects this blending of internal and external security and the tangled web of freedom and security generated by the EU single market. Migrants are often judged based on how much money they can bring in. Migration into higher-skilled jobs is promoted if there is a perceived economic benefit, whereas migration that is seen as a threat because of its potential damaging impact on labor markets or welfare states is discouraged. Fortress Europe is a more nuanced concept, but it perfectly captures the conundrum raised by Zolberg (1989), who explained that the dictomoy for major developed societies is how high to build the walls and how wide to open the small doors in those walls for privileged migration flows. Migration as a security concern and discussion of migration conversation are examined in this overview of the development of this external approach and some of its main elements. In response to terrorist attacks, organized crime, and worldwide migration, the member states developed a plan in 2005 for the external component of Justice and Home Affairs policy. In addition to creating possibilities for institutions, these assaults and threats also force collaboration and integration, but "security strategy is never driven by external events" (Walker 2004: 11). Before the 9/11 terror attacks, the EU had a well-established security "frame" that served as a major motivator for cooperation. Enlargement has also been utilized by the EU strategy to unify goals. Indeed, the EU's quick expansion from 15 members in 2003 to 28 members in 2013 has been one of its most notable qualities. The EU acquis or, more particularly, Chapter 24 of this acquis, which is extremely detailed on migration and border-security issues, must be adopted by new member

states. Migration as a risk to be handled would be the antithesis of migration as a hazard, as demonstrated by the "securitization" approach. The development of conversation has been based on the idea of migration as a danger. In migration talks, non-EU member states are urged to strengthen ties with the EU while asking partner nations to regulate their borders and reduce irregular migration towards the EU. The migration partnership's most comprehensive declaration of principles may be found in the June 2000 Cotonou Agreement between 77 ACP countries and the EU. On the other hand, according to Article 13, migration cooperation entails an in-depth debate following international obligations to protect human rights and eradicate all kinds of discrimination. Creating a migratory debate in the EU is based on three major principles. As a first step, ensure that all residents and workers are treated fairly, especially those from third-country nations (TCNs), and implement an integration strategy that gives them the same rights and responsibilities as citizens and takes steps to combat racism and xenophobia. Each member state must treat lawfully hired employees without discrimination based on nationality regarding working conditions, compensation, and termination compared to its citizens. These areas were mostly covered by the anti-discrimination directives of 2000 and 2003 and the directive on the rights of long-term residents who are TCNs. However, labor migration rules remain a matter of national competence, and the EU's ability to influence migration opportunities for nationals of non-member states is still severely restricted. It is also important to deal with "root causes," such as poverty reduction, better living, working circumstances, job creation, and training development. Providing training and education as part of the partnership is critical, as are initiatives to make higher education more accessible. As a third strategy, the "war against illegal immigration" would be carried out via return and readmission policies, with bilateral agreements defining readmission and return guideline with sending countries including Hong Kong, Sri

Lanka, and Albania. The idea that migration is only a matter of people leaving one nation and going to another is erroneous.

THE INTEGRATED MIGRATION SYSTEM

The migratory landscape in Europe and its "neighborhood" is much more complicated than a simple linear view would imply. Many various types of movement patterns may be used for a variety of different things. The relationship between MENA and the EU in terms of international migration may be broken down into three parts, at the risk of simplifying things. To begin, nations in the Middle East and Europe are the senders, transistors, and receivers. People migrate from the Middle East and North Africa (MENA) to the European Union (EU) to work, attain education, be with family, or as a last resort. Migrants travel to the Middle East, non-EU nations, and EU countries to settle in EU countries. Stop-off sites for migrants from West Africa include Morocco and Tunisia, while Turkey serves as a transit hub for those fleeing war in Syria, Iraq, and Afghanistan. It is also important to keep in mind that people migrate to MENA nations for various reasons, including seeking new opportunities or avoiding travel restrictions in EU member states. If the EU tries to coopt MENA nations as part of this migration-control framework, it may restrict people's travel alternatives if their destination is not an EU state, as they anticipated, but a country bordering the EU such as Morocco. This diversion impact is critical. As a result, nations like Morocco are put under pressure to cope with the influx of new migrants. A country's major role in migration policy's exterior component influences it. The EU's concern about border security was leveraged to gain financing for border controls and other infrastructure improvements in Libya under Gaddafi (Paoletti 2010) and Morocco (White 2011).

EUROPE’S INTERNATIONAL MIGRATION RELATIONS

International migration has become an element of the EU's structured and informal contacts with non-member nations, referred to as "Europe's international migration relations," examined in this section. As Rosenau (1997: 4) put it, international migration is a critical problem in international politics because it occurs at what he termed the "domestic-foreign boundary," i.e., the point where the international system is weaker but still influential. Even while states are morphing, they are not going away. However, notwithstanding the deterioration of state sovereignty, the assertion of it continues unabated. Governments may be smaller now, but they still have the power to impose their will on others. Citizens might be more demanding at times, but they can also be more supple. At times, borders are impenetrable to outsiders, yet they may also be permeable (Rosenau 1997: 4). International migration has value as a unique social phenomenon only when it crosses state boundaries, revealing the complexities of international migration relations. Policy challenges are inextricably linked to how people perceive danger and risk along the land and marine boundaries that divide these areas. Although these boundaries serve as physical markers, they also have a symbolic purpose since they are at the center of arguments over what Europe means both economically and as a society that defines itself in reference to the "other." Therefore, the debate over Europe's borders goes well beyond border security. In addition, it's a discussion of how European nations organize and define themselves and how such understandings influence international migration policies. However, this does not mean that the conceptual and organizational foundation is well-defined. Naturally, the EU is quite diverse. What's important to remember is that migration raises fundamental issues about the EU's and its member states' identities, organizational structures, and self-understanding and how those structures develop over time. Therefore, the significance of borders is more than

simply a discussion over border security—while this is, of course, vital. It's also a discussion of the EU's and its member states' identities, as well as how they connect to one another.

European integration alters the position and meaning of boundaries and the concepts of territoriality, territorial management, and population control that go along with them. According to Rosenau, a domestic-international border is where domestic and foreign concerns "converge, intermesh, or otherwise become indistinguishable inside a seamless web" (Rosenau 1997: 4). For this reason, it is important because it helps us see how solutions to international migration need domestic and foreign policy responses; or, as Heisler (1992) puts it, they must be seen as both social and international challenges, with connections established across both levels. The European Union's migration policy's external component focuses on relations and actions to deal with migration's fundamental causes with third nations. It is clear that the EU's action on migration has an exterior component and that the line between internal and external security is becoming more blurred. The Global Approach to Migration and Mobility, or GAMM, is the name given to this new approach (CEC 2011b). As the lines between national and EU political systems grow more blurred, so does the distribution of responsibility for migration. An examination of the EU, the Directorate General (DG) for Freedom, Security, and Justice (FSJ) used to be in charge, but in 2010, it was split up into two separate organizations. Immigration, asylum, border security, and immigrant integration are all within the purview of the new DG for Home Affairs. Although migration policy was only a little involved, a new DG Justice was formed to deal with rights-based concerns. The European External Action Service, founded by the Lisbon Treaty and other relevant DGs, such as social policy, employment, and development, has advanced an interest in migration policies by several foreign-policy players.

The necessity for collaboration with non-EU governments was noted in the commission's immigration statement as far back as 1994, recognizing the expanding "foreign-policy component" (CEC 1994). Because these challenges connect "external" and "internal" security and make evident both domestic and international migratory policies, as well as linkages between them, they are described in EU parlance as "cross-pillar issues" (Geddes 2005). While EU duties have led to a depoliticization of migration, they have also led to clandestine European-level forums, which often include officials with specialized skills and inside agency-like organizations, which frequently have a strong slant towards security concerns. While this approach to EU politics may differ from more traditional conceptions of politics as open debates over policy alternatives, these developments at the EU level do represent a distinct mode of social and political action that relies heavily on the mobilization of expert knowledge and resources. As Schmidt (2006) puts it, "policy without politics" means that the EU currently has policy duties without much, if any, political discussion. "This fits with Schmidt's theory of "politics without policy." The national-level counterargument is that discussion may take place, but policy duties have been devolved to the EU level. "

THE EVOLUTION OF ASYLUM POLICIES

Migration and asylum policies in the European Union have been a complicated web for the EU. The agreement signed in 1985 between five nations (Benelux, France, Germany, and the United Kingdom) to implement the free movement clauses of the Treaty of Rome was known as the Schengen Agreement (1957). It served as a testing ground for the development of methods to support free mobility with internal security controls for the 1986 Single European Act, which sought to eliminate borders in Europe so people, services, goods, and capital could flow freely around the continent. Informal intergovernmental collaboration was used to deal with

compensatory immigration and asylum measures outside of the formal treaty framework. An intergovernmental pillar for justice and home affairs was formed by the Maastricht Treaty of 1992.

In the 1995 Barcelona Declaration, the then 15 EU member states and 14 MENA partner countries began a process of dialogue known as the Barcelona Process. This created a new chapter in the EU Treaty on free movement, migration, and asylum in the 1997 Amsterdam Treaty with four essential parts of the Tampere Agreement: partnership with countries of origin, a unified European asylum system, the fair treatment of third-country nationals, and migration flow management are laid forth in this agreement (European Council 1999). As a result of the Nice Treaty of 2001, ministerial councils can now employ qualified majority voting more frequently. Hague Program which is the second EU five-year foreign security plan was developed in 2005. Immigration policy was "normalized" in the Lisbon Treaty of 2009 by making it subject to the same institutional rules and procedures that oversee other areas of government. For the years 2010–2014, the 2010 Stockholm Program outlined the EU's internal security priorities.

NEW ENGAGEMENT WITH EXTERNAL COUNTRIES

After the Arab upheavals, the EU immediately responded by developing cooperative operations with Frontex, the EU's border-security agency, and by making cash available from the €25 million in the European Borders and Refugee Funds (CEC 2011a). A comprehensive review of EU instruments and international migratory relations since the mid-1990s is required to understand this reaction's development. This response has evolved over time. Two scenarios provide the regional strategic environment for EU-MENA migratory ties.

There is also the Barcelona Process, which has fifteen member states and fourteen Mediterranean partner nations (Bicchi 2007). Later, the Barcelona Process became the Union for Mediterranean States. This section focuses on eleven MENA partner nations as part of Europe's neighborhood strategy. MENA nations' relationships with the West have improved since the Barcelona Process was launched in 1995, when political and financial frameworks were put in place to support a wide discussion on migration. Even though the partnership has developed, EU worries over migration and refugee flows from and across the Middle East and North Africa (MENA) nations, focusing on establishing stronger border-control capabilities, have dominated its migration-related components. At the very least, this is good news for EU member states. These gains may be more dubious for MENA nations, even though the EU has adopted a "partnership" strategy that calls for closer cooperation among its member states, including those in the Middle East and North Africa (MENA). The emergence of EU action's external dimension can now be traced back to the EU's international migration relations' recent emphasis on mobility partnerships as a crucial component.

As early as the late 1990s, the European Union established the High-Level Working Group on Migration and Asylum Management (HLWG) as a "cross-pillar" organization. According to official EU lingo, it was a cross-pillar issue since it had ramifications for the policies that must be sought to be handled in the areas of defense and security, justice and home affairs, and trade and development. The HLWG was created because of a government effort in the Netherlands. According to the Dutch government, it was the ministry of foreign affairs rather than justice that defined most of the country's international migration and refugee policies. In this way, the EU's approach matched the Dutch effort to "integrate" migration policy's internal and exterior components.

The action plans for Afghanistan, Albania, Iraq, Morocco, Somalia, and Sri Lanka were drafted by the HLWG in 1999 as part of the UN Human Rights Council. These aimed to coordinate EU responses and bring security, foreign policy, and development concerns to bear on human rights protection, democracy and constitutional governance, social and development policy, poverty reduction, conflict prevention and resolution, asylum, and irregular migration. With little experience working with foreign governments or development assistance organizations, the HLWG was mostly made up of Justice and Home Affairs departmental employees. In the studies, migratory control, readmission, and repatriation were condemned as EU objectives instead partnerships were built on genuine communication (Boswell 2003).

The Moroccan strategy was plagued with problems. In the first place, the proposal to utilize MEDA money (mesures d'accompagnement) intended to improve EU-Mediterranean ties. To examine migratory trends caused conflict with officials from the HLWG and the commission working on development and external relations. Another issue revolved around Morocco not being consulted on the action plan, which they first declined to talk about with the EU. A lack of coordination between Justice and Home Affairs, external relations, and development in the EU led to more conflicts, even if the HLWG had stimulated agenda-setting activities among officials in the commission who are involved in development and external relations.

The High-Level Working Group was previously without a financial foundation. HLWG projects included encouraging Moroccan migrants to start enterprises in Morocco and establishing a savings bank for Moroccan migrants' remittances, both of which were supported by the group. The Tampere conclusions of October 1999 were critical in terms of giving a boost to policy development via intergovernmental consensus. They highlighted, among other things, the necessity of migratory ties with third countries and a "root-causes" approach to migration. "A

comprehensive strategy to migration, including political, human rights, and development challenges in countries and areas of origin and transit," were detailed in the Tampere conclusions.

To help the Union's internal and external policies be more coherent, member states were encouraged to make contributions, the EU said. To boost co-development, partnerships with relevant third nations were seen as essential (European Council 1999). The EU's asylum strategy has a distinct focus. The EU's asylum, irregular migration, readmission, and return policies were all well-defined. It was recommended that all EU foreign policy tools be used to achieve a focused approach at the Seville European Council Summit (June 2002). The EU's long-term goal must be an integrated, comprehensive, and contain a balanced strategy to address the core causes of irregular immigration. To help nations succeed and reduce the underlying reasons for migratory flows, stronger economic cooperation, trade growth, development aid, and conflict avoidance are all viable options (European Council 2002: 10). According to the Seville Summit's conclusion (European Council 2002: 10), "Any future EU or EC cooperation, association, or comparable agreement should contain a section on cooperative management of migratory flows and on obligatory readmission in the case of illegal immigration." In its message on relations with third countries, the commission heeded this crystal-clear directive from the world leaders who met in Seville (CEC 2003). These findings prompted the commission to draft a communication on migratory integration in relations with third countries. The communication stated the following four guiding principles: Keep external policies and activities in sync by using a holistic strategy that includes migration and is tailored to the needs of each nation. Identify and treat the underlying causes. Migration in regional and national strategy documents; increasing financing for migration policy; improving border security.

The EU's focus was on 'integrating' migration issues into the EU's interactions with non-member nations. Migrants have therefore become a crucial strategic problem for the EU in this context. Regional and country-specific strategy documents were used to develop this MENA regional plan. There was an emphasis on the need to include migrant discourse in current and future cooperation and association agreements. According to the report, priorities included controlling migration and combating human trafficking; improving national laws; providing migration-related help; and encouraging "sustainable return." The Ministerial Council came up with a plan that focused on several different concerns. This was done by encouraging migrants who want to give back to their home countries to do so by supporting "brain circulation." Both temporary and cyclical migration have piqued the attention of the EU. Another issue is that migrants are afraid of being unable to re-enter the EU should they leave it. In its 2007 communication on Circular Migration and Mobility Partnerships, the European Commission examined the possibility of creating avenues for migrants to enter, leave, and return, as well as the connection between tighter border controls in sending countries (CEC 2007). The GAMM and MENA countries have both pursued this goal in recent years.

Egypt, Jordan, Morocco, and Tunisia have had mobility agreements in place since 2011, according to the Commission's recommendation. A secondary goal of the council was to come up with strategies for promoting voluntary repatriation. More than that, there was a strong desire to maximize the return on productive investment by remitting more of the money received back home. A major source of funding for developing countries is remittances sent home by migrants (World Bank 2011). Because these are private flows, it's difficult to keep tabs on them or guide them toward more productive purposes. Governments, international organizations, and nongovernmental organizations (NGOs) may use incentive programs and stronger financial

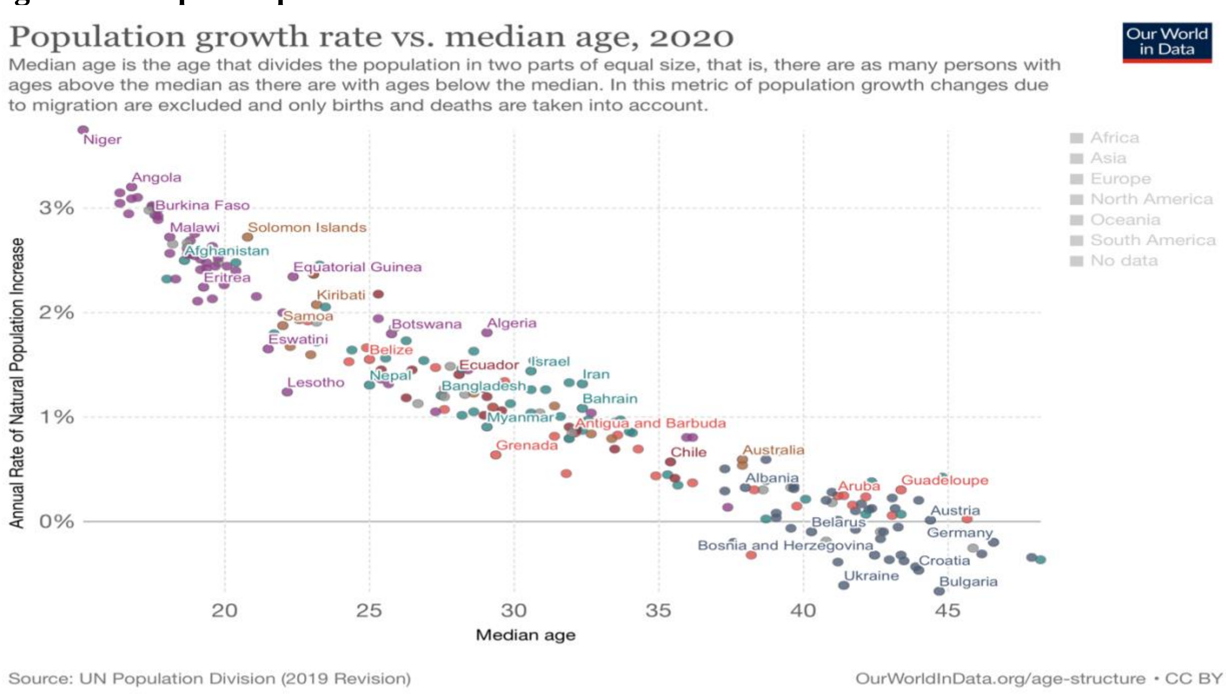
infrastructure to encourage remitting behavior. They can also steer the remittances toward beneficial investments. The council indicated that it wished to better integrate EU citizens who are legitimately present in the EU member state in question. These rights and responsibilities would be extended to legal residents of non-EU countries living in member states of the EU, and they would have the same opportunities for education and training as other EU citizens. The EU's approach has focused heavily on the development of readmission agreements. They encouraged the commission to speed up negotiations on readmission agreements and look at how financial and technical assistance might enhance reception capacity and "durable solutions" to asylum and irregular migration in developing countries and the member states. Because of the close connection between migration as a danger and migration as a risk within EU policy, this readmission issue has been at the top of the EU agenda and linked to mobility through mobility partnerships.

ISSUE LINKAGES

There have been many discussions thus far about the EU's multilevel governance of migration and the external component of EU migration action under the GAMM. Policy issue connections are unavoidably raised, which means that decisions made in one policy area have far-reaching consequences for those made in other policy areas. There is a strong correlation between migration and development, which may be seen as both a "hazard" to be avoided and a "risk" to be handled. International migration interactions between EU and MENA nations that contribute to effective poverty reduction initiatives may have a short-to-medium-term impact of boosting migration since the motives and resources needed to relocate would result in generating a "migration hump" (Papademetriou & Martin 1991). Simply stated, "poverty reduction is not a strategy to reduce migration on its own" (Nyberg-Srensen, Van Hear, & Engberg-Pedersen 2002:

40). Remittances and education are two of the many benefits of emigration for the nations from which people are fleeing. In the long term, successful migrants may choose to return to their country of origin. A disadvantage of some of these policies is the complexity of creating return programs and the ineffective use of remittances to fund inflationary and unequal spending. A combination of labor-market and skill shortages and demographic shifts such as low birth rates and an aging population is driving the current need for migrant workers in EU member state.

Figure 1 Europe's Population Growth Rate



While high-skilled migration (particularly from the United States) is generally welcomed, there are considerable differences in European nations' views toward asylum seekers and irregular migrants. When it comes to determining how many migrants should be permitted in, the EU is woefully unprepared. On the other hand, the Blue Card is an effort to imitate member-state constraints on the entry of highly skilled migrants. The EU was contemplating having a sectoral

approach to addressing the issues. Many countries now want to allow some movement in return for non-member states exerting control over outward migration, which is why mobility agreements have been formed. MENA partner states were encouraged by the Commission's Strategic Approach to Democracy and Prosperity to form mobility partnerships. A "full framework to ensure well-managed migration between the EU and a third country" is provided by such cooperation (CEC 2011a: 7). This includes visas and legal migration; legislative frameworks for economic migration; establishing infrastructure to manage remittances; and ensuring that the labor market's supply matches demand; as well as programs for return and reintegration. There is a cost to this: cooperation in border control, the prevention and battle of irregular migration, and human trafficking, notably via e-commerce, must be exchanged for increased mobility. The EU's migration relations with MENA countries strengthened law enforcement authorities' ability to fight transnational organized crime and corruption; improved maritime surveillance; repatriation of irregular migrants (return arrangements and readmission agreements) (CEC 2011). First, the commission recommends that Egypt, Jordan, Morocco, and Tunisia be included in mobility accords (Fargues & Fandrich 2012). They would work to encourage and coordinate legal migration, prevent irregular migration, and focus on the potential development impacts of migration via coalitions of this kind. Visa facilitation agreements and readmission agreements were part of these relationships (CEC 2011a). According to the commission, students, researchers, and business professionals will benefit from more mobility, but better management of the borders is vital for making short-term progress.

After the Arab Spring's migratory consequences, the concepts of danger and risk may now be studied (both perceived and real). For the most part, this translated into a greater focus on border security and control. There was a discussion about the lack of EU support after the

landings on Lampedusa, Italy. When Italy issued permits to migrants, largely from Tunisia, who then crossed the border into France, there was tension with France. Even the possibility of suspending Schengen rules was floated. Ultimately, this indicates a growing hostility among EU member states against immigration, including demands to reexamine the EU's free-movement policy. Cornelius, Martin, Tsuda, and Hollifield (2004) hypothesized that a rhetorical commitment to control would lead to greater levels of immigration, but their findings show that there is a gap between rhetorical commitment and actual immigration levels. Only around 25,000 of the 1 million or more people who left Libya for Europe have been a direct success of the agreement with Libya (Fargues and Fandrich, 2012). It is estimated that 100,000 Syrians have been displaced because of the decay of the Syrian political system beginning in 2014, while the number of refugees migrating to Europe is in the hundreds of thousands. There is a belief among these people that the EU's response was to put more emphasis on border checks and security measures.

WHY EUROPE HAS A DIFFERENT MIGRATION SYSTEM

In this section I empirically investigate the factors that drive people to move to Europe. Is Europe different than any other migration system? This section investigates and contrasts the EU and Gulf countries migration systems to evaluate similarities and dissimilarities between the two systems. In many economic analyses, aggregated data across groups of people allow for regression-based spatial interaction macro-models, such models have utilized the group choices as in the case of many gravity models of migration and other spatial interaction; these models deal with the aggregated observations as if they were a single unit (LeSage and Fischer, 2010). They specify the dependent variable as mere (log-transformed) aggregations of individual data,

which can produce—among others—severe problems of non-normality and heteroscedasticity, enhancing spatial autocorrelation in the error terms.

Moreover, a simple aggregation of individual choices does not necessarily lead to grouped or "herd" behavior (Schelling, 2006; Sen and Smith, 2012). However, the aggregation provides models that are consistent with theory, which could capture collective consistencies in behaviors (kanaroglou et al., 1996). Hence, this analysis follows a different thread of the literature based on a choice hypothetical perspective. Although typically concerned with the identification of individual behavior, choice models have also been specified for grouped data when observations no longer consist of single individuals but sets of several persons who share similar characteristics (facing similar conditions or living in the same region). In these grouped-data choice models, the dependent variable consists of several observed proportions or relative frequencies (Gourieroux, 2000), which are estimated by a nonlinear weighted least squares method (Berkson, 1944, 1955, 1957; Amemiya, 1985). Grouped-data models can be easily generalized to spatial interaction models of migration or trade flows, as in Borjas (2006) and Aroca and Hewings (2002).

THE ECONOMETRIC MODEL

This analysis uses a Probit and Logit model to estimate the relationship between the flow into both the EU and Gulf countries. The Probit and logistic regressions allowed for estimation of the EU as a host and Gulf countries as dependent variables. The models' grouping-data are consistent with the theory of population mobility behavior (destination, unemployment, trade relations, and historical relations). Moreover, the models have less non-normality and heteroskedasticity because the dependent variable consists of several observed proportions (people moving from an origin to a destination region) instead of migrant counts (as is the case

in the standard gravity models). Therefore, the Probit and Logit models explain the tendency to migrate from the home country to the destination country. Additionally, the logistic regression provided the odds ratio for all variables, which signifies the likelihood of events occurring or not. Table three shows that it is most likely that people will move to EU host countries if bilateral trade agreements exist (odds > 2) and if there was any colonization history in the past. In the case of the Gulf countries, movement occurred only if the unemployment rate was high, or the migrants suffered religious frictions at home.

Table 2 Data EU Migration System

Variable	Definitions	Source
Colony	Indicates if the dyad countries have ever been in a colonial relationship.	Mayer, Thierry and Soledad Zignago. 2001. "Notes on CEPII's Distance Measures: The Geo Dist Database" http://www.cepii.fr/CEPII/en/bdd_modele/presentation.asp?id
Weighted Distance	Distance between the dyad countries' most populous cities, weighted by the shares of those cities' populations in the countries' total populations. See primary data documentation for details.	Mayer, Thierry and Soledad Zignago. 2001. "Notes on CEPII's Distance Measures: The Geo Dist Database
Population in Source Country	The number of residents of the source country who were born in the host country, divided by the total population of the host country.	Constructed from *dyad_stockfb_tot_source* and *pop_host.* University of Chicago (Bilateral labor agreement dataset) Adam et al. (20017)
Unemployment in Source Country	Unemployment rate of the source country, as reported in the host country's own official statistics.	International Labor Organization.2017.http://www.ilo.org/global/statistics-and-databases/research-and- databases/kilm/lang--en/index.htm
Dyad real GDP difference	Absolute value of the difference real GDP per capita of the two countries.	Data on merchandise trade until 2009 Barbieri, Katherine and Omar M.G. Keshk.2016. **http://www.correlatesofwar.org/data-sets/bilateral- trade**. InternationalMonetaryFund.2017.
Flow into EU	Indicates if the source country was a member of either the European Union or the European Free Trade Agreement each year.	Constructed. University of Chicago Law School (Bilateral labor agreement dataset) Adam et al. (20017)

Table 2 Continued

Variables	Definitions	Source
polity2_host	The host country's Polity2 score measures how democratic the country's government system is. A score of 10 indicates full democracy and lower scores indicate more autocratic governments.	Marshall, Monty G. and Ted Robert Gurr. Polity IV Project: Political Regime Characteristics and Transitions1800-2013." http://www.systemicpeace.org/inscrdata.html.
bits past	treaty (BIT) in or before the given year. This variable switches from 0 to 1 in the first year a dyad signs a BIT and is equal to 1 in all following years.	Database of Bilateral Investment Treaties." https://icsid.worldbank.org/en/Pages/resources/Bilateral- Investment-Treaties-Database.aspx
Religion-Alesina for Source Country	Index of religious fractionalization of the source country, as constructed in Alesina et al. (2003).	Alesino, Alberto. et al. "Fractionalization."*Journal of Economic Growth*.8 (2003). pp 155- 194. Data obtained from: http://www.anderson.ucla.edu/faculty_pages/romain.wacziarg/papersum.html
Language-Alesina for Source Country	Index of linguistic fractionalization of the source country, as constructed in Alesina et al.	Alesino, Alberto. et al. "Fractionalization." *Journal of Economic Growth*.8 (2003). pp 155- 194. Data obtained from: http://www.anderson.ucla.edu/faculty_pages/romain.wacziarg/papersum.html
Gulf host	Indicates if the host country is an Arab Persian Gulf state.	Constructed. University of Chicago Law School (Bilateral labor agreement dataset) Adam et al. (2017)

Table 3 Regression Results for EU Host in Flow Determinants

Results for Probit
Logit Model

VARIABLES	(Probit) EU host	(Logit) EU host
Colony	0.586***	0.981***
	(0.0310)	(0.053)
Destination weighted	-8.10e-05***	-0.040***
	(1.08e-06)	(0.000)
Pop source	0.000122***	0.000***
	(2.66e-05)	(0.000)
Unemployment rate at source	-0.00781***	-0.013***
	(0.000724)	(0.001)
Dyad real GDP difference	-8.77e-08***	-0.000***
	(2.42e-09)	(0.000)
polity2_host	0.657***	1.148***
	(0.00580)	(0.011)
Bits past	0.546***	0.931***
	(0.0109)	(0.019)
Religion Friction at Source	0.320***	0.522***
	(0.0214)	(0.036)
Language Friction at Source	0.0385**	0.077***
	(0.0176)	(0.030)
Constant	-6.045***	-10.593***
	(0.0572)	(0.105)
Observations	158,397	158,397

Pseudo R2
Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 4 Results for Gulf Countries in Flow Determinants

VARIABLES	(1) Probit	(2) Logit
Colony	0.0837	0.114
	(0.0961)	(0.163)
Weighted distance	-3.060***	-3.7000***
	(1.81e-06)	(0.000)
Population at source	-0.004***	-0.002***
	(4.46e-05)	(0.000)
Unemployment at Source	0.0440***	0.009***
	(0.00112)	(0.002)
Dyad real GDP difference	7.50e-08***	1.05***
	(6.19e-09)	(0.000)
Polity2_host	-0.338***	-0.741***
	(0.00340)	(0.008)
Bits agreements past	0.0129	0.203***
	(0.0249)	(0.043)
Religion Friction at Source	0.553***	1.008***
	(0.0327)	(0.058)
Language Friction at Source	-0.513***	-0.944***
	(0.0269)	(0.048)
Constant	-2.656***	-5.900***
	(0.0356)	(0.079)
Observations	158,397	158,397

Standard errors in parentheses
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

The Probit and Logit models showed significant results for all independent variables in the EU model and for the Gulf country model, except for the independent variable (colony), since both the Probit and Logit models are not linear models, making the coefficients of the model unreliable. However, the marginal analysis can provide a more robust understanding of the coefficient interpretation for the effect of the independent variables on the dependent variable. The marginal effects are the coefficient factor G (XB), which is the derivative of the G

function. The marginal effects explain the effect of the independent variable on the probability of Y = 1 by how much the probability of Y = 1 increases when X_j increases by one unit.

Table 5 Marginal Effects Inflow Into the EU

		Delta-method				
	dy/dx	std. err.	z	P>|z|	[95% conf.	interval]
colony	0.1050023	0.0055928	18.77	0	0.0940407	0.1159639
Destination	-0.0000145	1.73E-07	-83.64	0	-0.0000148	-0.0000141
Population_ Source	0.0000193	4.84E-06	4	0	9.86E-06	0.0000288
Unemployment Source	-0.0013826	0.0001299	-10.64	0	-0.0016373	-0.001128
dyad real GDP difference	-1.55E-08	4.22E-10	-36.61	0	-1.63E-08	-1.46E-08
polity2_host	0.1228293	0.000913	134.53	0	0.1210398	0.1246188
Past Bilateral Trade Agreements	0.0996297	0.0018897	52.72	0	0.0959259	0.1033335
religion_alesina_source	0.0558995	0.0038328	14.58	0	0.0483874	0.0634117
language_alesina_source	0.0082199	0.0031672	2.6	0.009	0.0020123	0.0144274

Source Author Based on Logistic regression's Results

The results table above for the marginal effects of the Logit Model shows the effects of being an ex-colony on the movement into the EU. With one percent increase in being a colony, there was an increase in migration inflow into the EU by 10 percent. Moreover, the increase in the quality of the polity for the host countries increased the flow to the EU by 12 percent. Additionally, the increase in the difference in GDP between the source and host countries negatively impacted the inflow into the EU.

Table 6 Logistic Regression Odds Ratio

Variable	EU's Odds Ratio	Gulf States' Odds Ratio
Colony	2.66	1.12
Destination	.99	.99
Population in Source Country	1.00	.99
Unemployment Rate in Source Country	.98	1.00
Dyad real GDP per Capita Difference	.999	1.00
Polity Quality in Host Country	3.15	.47
Past Bilateral Agreements	2.53	1.22
Religion Tension at Source	1.68	2.73
Language Tension at Source	1.07	.002

Source Author Based on Logistic regression Odds Ratios

CONCLUSION

The empirical results showed that the EU is a one-of-a-kind migration system. Its history remains one of the major reasons why people want to move to the EU. The odds ratio for having colonial relationships in the past was more significant than two (2.66), indicating migrants are most likely to move to the EU if the home country was a part of colonial history. What is more, the quality of polity (institutions and human rights) odds ratio was above two (3.6), leading to the

conclusion that migrants are seeking more than financial stability or poverty reduction for their loved ones; they are seeking recognition for their rights as part of the human family. This was also confirmed with the odds ratio for Dyad GDP per capita difference that was reported under one (.99), indicating a low likelihood of moving to the EU. The logistic regression also revealed how significant the bilateral agreements between the paired countries are in initiating movement to the EU with an odds ratio above two (2.53).

When the EU was contrasted with the Gulf countries' migration system, it was clear that people moved to the Arab Gulf nations for other reasons than human rights and history. The only driver that the odds ratio confirmed as a reason for workers to move to the Gulf countries was religious tension in their home countries, with an odds ratio of 2.73, making religious tension the most likely cause for movement to the Arab Gulf.

Moreover, for the EU, the debate between "risk" and "danger" revolves around the EU's "fight against illegal immigration" and all the accompanying concerns about border security. As part of this chapter, we looked at how the EU's external migration relations have changed over time and what that means for nations in the Middle East and Africa. Migration as a danger and migration as a hazard were clearly at odds in the minds of the researchers. To put it another way, it was claimed that there are two distinct ways of looking at the issue of migration: one that sees it as a danger and one that sees it as an opportunity. The distinction between danger and risk is not binary. The world's major capitalist countries have long struggled to promote some forms of migration while guarding against the perceived threats posed by others. Migration is both a danger and a risk at the same time. Europe's international migration is supported by this dependency between conceptions of risk and danger, as shown by EU links with countries in the Middle East and North Africa. A closer look at present European integration indicates that as

border restrictions have been tighter, the buildup and shifting of the boundaries has been a significant component of the current European integration.

A new phase in pursuing territorial security policies may be seen in the exterior component of migration and refugee policies. This chapter's investigation of policy creation considers the importance of time and processes. There has been a rapid pace of change and growth as the EU and its member states respond to the problems of border mobility and build-up.

In addition, this chapter has shown that there is a great amount of activity in a multilevel polity that considerably modifies the nature and structure of European migration politics. It has also proven that these new networks are vulnerable to shocks, such as the Arab Spring's migration repercussions (both real and imagined). Asymmetries and inequities between the EU and MENA countries give the appearance that EU action is driven by the EU member states' concerns about curbing "unwanted" flows of asylum seekers and "illegal" immigrants rather than developing a genuine engagement with the region. However, it has been shown that Libya and Morocco have been able to get EU financial support because of their relevance to EU border-control efforts. When you look at it from the outside, it may seem to be difficult to find a "balance" between control and openness. In the EU's efforts, border restrictions have been the primary emphasis, along with the "export" of similar measures to non-EU countries. According to the study, circular migration attempts with MENA nations have come at the expense of EU migratory ties with MENA countries. As previously stated, EU member states do not have a choice between a migration-as-risk or hazard approach. In their policies related to states and borders, migration is considered both a danger and a threat. According to Zolberg (1989), nations decide how high to build walls and how broad to create small entries inside those barriers by their laws. Even though this is a long-standing policy issue, it is being played out at the EU level

today. It is here that these problems and arguments are expressed in the EU's multilevel governance system, with tensions between ‘danger’ and ‘risk’ observed in member-state policy and EU action. This isn't a surprise, considering that EU member states' internal migration policies have been plagued by disagreement.

This chapter evaluated the creation of a standard approach for migration in the EU. Because of the potential of supranational institutions to influence the political economy, globalization has become a distinct migration policy topic. The EU is a one-of-a-kind example of regionalization in Europe, which is particularly relevant to studies of international policy that is enforceable on member states. The EU's integration has not undermined the nation state's ability to set international political policies. The literature in European studies has traditionally focused on explanations of integration that do not seem to fully address the divide between neo functionalism and inter-governmentalism authority in the evolution of migration policy in the EU. Even though the blueprint of the Schengen acquis has established the norms and parameters of internal and external borders, the member states have discretion in establishing constraints on free movement. The migration literature showed how the evolution of the European migration process was framed in the prism of securitization. Indeed, security concerns and the anticipated loss of control over people's movements as a result of the creation of the single market have inspired innovations ranging from the TREVI group to Schengen and Dublin. The studies demonstrate how players inside and beyond national and EU-level governments have created a shared understanding of the perceived security threat posed by international migration. However, if we concentrate simply on migration, we lose sight of the function that economic content continues to play. This is especially obvious in areas where the commission has practiced influence, such as free movement within the single market and international development in the

EU's southern neighborhood, but this is not all. Indeed, the free movement of workers was also guided by the development agenda of the free market. In this case, security and economic development are both seen as key drivers in the development of European migration policies.

CHAPTER VII

REMITTANCES AND HOME COUNTRIES INSTITUTIONS

It is hard to think of anything more significant to the wellbeing of citizens and peace than economic growth. Sustained high growth rates may improve a country's overall standard of living and income. Physical capital formation has been heavily emphasized in neoclassical growth models like Solow's (1956). Rather than focusing just on macroeconomic factors, modern theories of economic development also include factors like innovation, technology, human capital, and institutions.

In the last 50 years, globalization, trade, and foreign direct investment have brought the world closer together at an unprecedented pace. As a result, the diffusion of technology has been made easier. As a proportion of global GDP, total world trade as a percentage of GDP increased from 26.54% in 1970 to 58.24% in 2019 (Our Data, Our World). However, the disparity in wealth between the developed and the poor is widening. In recent months, the number of people living in poverty has remained at a record high of almost 1.3 billion. A wide range of variation in development is experienced around the world.

This chapter examines the relationship between remittances and political institutions and how institutions shape migration flows. This chapter builds on the literature on political economy, democratization, and international migration to theorize the political consequences of remittances; results show that remittance inflows alter citizens' preferences for redistribution and government spending.

Emigration and its derivative remittances impact the quality of institutions in the home country. While migrants lack the incentive to express their dismay, they voice their concerns once they leave their home country. Their contribution can strengthen democratic principles and

norms. This chapter investigates such a relationship and utilizes a dynamic panel analysis to measure the impact of emigration and remittances on institutions' quality as expressed by democracy and open market values. Openness to emigration and human capital has a positive impact on institutions. Additionally, there is an ambivalent relationship between brain drain (skilled migration) and institutions. The research also measures the marginal effect of skilled emigration on institutional quality.

The analysis in this chapter adds to the discussion of how globalization affects political behavior in developing countries. Migration and remittances have been overlooked in studying the effects of globalization in developed countries (Pritchett, 2006; Kapur, 2010). The increase in income from remittances is distinct from the external sources of income such as government transfers, foreign aid, or natural resource revenue. Remittances are private and transnational transfers. The size of these remittances is mainly contingent on the economic fortunes of the migrant and the economic performance of the destination country. This chapter aims to bring scholarly attention to the effects of migration and remittances on political life for households in developing countries.

Recent research has highlighted the significance of institutions for economic development (Acemoglu, Johnson and Robinson, 2005; Rodrik, 2007). For instance, Rodrik et al. (2004) show that once institutions are controlled for, geographic measures have a weak direct impact on income, though they have a strong indirect influence through their bearing on the quality of institutions. This evaluation argues that an important and yet overlooked (in the growth literature) determinant of institutions is migration and its derivative remittances.

The first impact of migration on the home country’s institutions is that once people have exited their home countries, they can voice their feelings. Indeed, the remittances sent home can

work to moderate economic and social pressure to reform. Once migrant workers are abroad, they can utilize lobbying to inspire or slow development efforts, challenging development assistance or promoting economic sanctions. For instance, the Cuban Americans showed how a diaspora can help maintain pressure on the US government to sustain an ongoing embargo on the Cuban government. While it is unclear whether this has intensified the radical or the moderate factions in Cuba, it seems the recent immigrants, who left Cuba more for economic than for political reasons, and the second generation of Cuban Americans, are more supportive of a dialogue with the Cuban government and a softening of economic sanctions; and indeed, the Obama administration was able in 2009 to relax restrictions on travel and remittances to Cuba.

The case of Croatia showed that the diaspora in the US supported separation from the former Yugoslavia and the transition to an open market economy. The pro-separation movement provided enormous financial support to Tudjman's Croatian Democratic Union (CDU) party, and after the victory in the first post-communist elections in 1990, saw its effort rewarded by gaining 12 out of 120 seats in the national assembly for diaspora Croats. Since then, the Croatian diaspora in Europe and the US has remained very active, raising funds, organizing demonstrations, petitions, media campaigns, and other lobbying activities that proved valuable in obtaining official recognition of independence or in shaping European and American attitudes during the Yugoslavia war (Ragazzi 2009).

Migration is a self-selection process. This fact opens a second avenue for the impact of migration on institutions. Given that more educated individuals and the middle class in general have a higher level of political participation and contribute more to public policy debates, emigration is likely to harm the quality and development of domestic institutions as well as the process by which sound policies are developed and implemented. On the other hand, migration

prospects influence individuals' decisions to invest more in education (e.g., Mountford, 1997; Beine, Docquier, and Rapoport, 2001) and to allocate talent between productive and unproductive activities (Mariani, 2007), thereby mitigating or reversing any negative impact on political institutions from brain drain.

Finally, migration exposes the motherland and culture to democratic principles and norms, whether directly through contact with returning immigrants and overseas families, or indirectly through broader flows. In addition to promoting trade and FDI inflows (Gould, 1994; Rauch and Trindade, 2002; Rauch and Casella, 2003; Iranzo and Peri, 2009), these networks have been found to promote technological transfers (Kerr, 2008; Agrawal et al., 2011). Fargues and Be, 2006; Spilimbergo, 2009 proved that only individuals who are educated in a democratic country can support their own democracy. While Spilimbergo's work does not specify the precise mechanisms by which such influence might manifest, he suggests several possibilities (such as access to foreign media, adoption of norms and values while abroad and subsequent diffusion at home, etc.) that can be generalized to other migration experiences.

Research on the political impacts of remittances has been growing in recent years. The literature can be summarized as a debate on whether remittances are a blessing or a curse for developing countries. The contrasting theories about remittances owe much of their development to Albert Hirschman's concepts of voice and exit (Hirschman, 1970, 1993). The optimistic point of view argues for the democratizing effects of remittances as they can enhance voice among citizens as the cost of political participation decreases. As a result, recipients will rely less on patronage and clientelism and instead make new local government demands. The pessimist's highlight that remittances will lead recipients to exit from the political arena, which will lead

governments to behave more autocratically. Recipients would find little at stake in local politics and would prefer to disengage in politics.

This chapter interprets Hirschman's voice and the concept of withdrawal as engagement and disengagement, conceptualizing voice as one of the engagements with the government. Engagement with the government can range from voting, using public services, or demanding a more significant role for the government in the economy. The analysis considers the exit as a form of disengagement. Remittance recipients will exit through acts of political disengagement such as not voting or substituting government services with private alternatives in the market. The blessing and curse theories make assumptions as to how remittances will affect the political behavior of the recipients, hence remittances shape institutional quality.

EMPIRICAL ANALYSIS

Most of the empirical analysis on the effects of migration on institutions employs cross section analysis, and there is a lack of time series and dynamic panel analysis. While some of the analyses are robust, they miss the appropriate baseline specification resulting from different political and cultural factors, which can provide relevant information about the quality of institutions. As Alesina et al. (2003) reported, many explanatory variables have been utilized as determinants of institutions, such as log GDP per capita, legal origin dummies, and religious variables. However, such variables are highly correlated, making all cross-country regressions very sensitive to econometric specifications. The issue that arises is that cross-correlation imposes a significant problem because the variables can be endogenous, specific to each country.

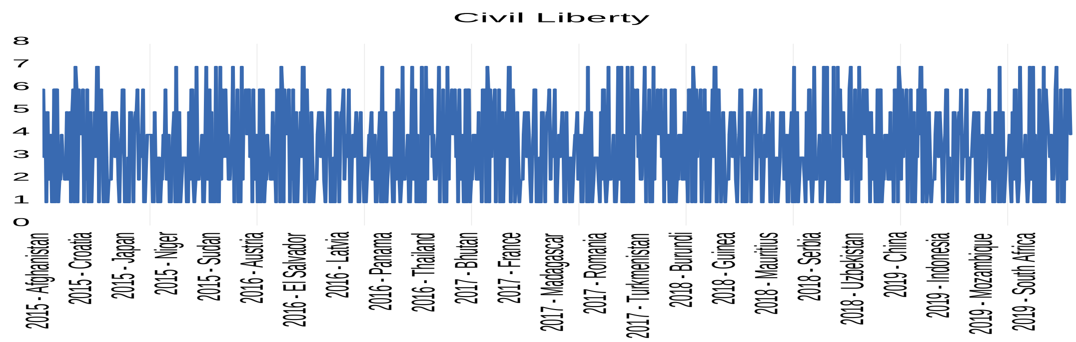
However, in a panel data analysis, it is possible to control for unobservable heterogeneity and therefore for all time-invariant variables affecting institutional quality. While this analysis

uses an OLS model as a baseline to contrast with a random and fixed effect panel regression, the Generalized Method of Moments (GMM) seems to be the most robust. The strength of a dynamic panel estimation is that it provides controls for unobserved variables that are country specific and whose omission can deliver bias results. The model employs the tested Arellano Bond (1991) technique for instrumental variables, which uses the first difference of explanatory variables, which are instrumented by their lagged values in levels. The instrumented technique might be troublesome if the variables are not informative; to address this, Bond et al. (2001) advocate using informative instruments in the model.

DATA

The data set is a five-year panel constructed from global samples. The data representing democracy is collected from Freedom House data set polity IV. The Freedom House measures Political Right (PR) and Civil liberty (CL) as a proxy for democracy. The Freedom House Index ranges from 1 to 7, with the higher number signifying more freedom. A set of questions determines the final scores. Three subcategories are used for the political rights index: election procedures, political involvement, and government functioning. Freedom of speech and religion, freedom of association and organization, the rule of law and individual autonomy, and individual rights all come under the umbrella of civil freedoms. Each nation is given a score from 1 to 7 based on the total of its subcategory ratings.

Figure 2 Civil Liberty



NET MIGRATION

Immigration's effects on the host country have received a lot of attention, however effects on the sending country have received less attention. According to the available evidence, emigration has a net beneficial impact on the sending nation. Emigration, for example, serves to reduce unemployment and raise the earnings of the remaining employees by reducing the labor pool in the sending nation. What's more, immigrants often send money back to their families, which improves their quality of life and boosts the economies of their home countries and trading partners. Although most immigrants are young adults and married, which can lead to devastating effects on their families back home. Several countries have pushed to restrict immigration because they feel it is detrimental to the economy. Net migration is also a part of a larger social process that is hard to precisely estimate. In the short run it provides exchange rate stability to many countries, pushing politicians to strongly favor it. However, there is no direct links between net migration and institutional quality. The migration data utilized by this chapter was collected from the migration data portal, and net migration was collected from the International Organization for Migration (IOM).

PER CAPITA GDP

Per capita GDP can express how national wealth can impact the standard of living, but how it impacts the quality of institutions remains subjective. The study of national wealth extends back to at least 1776, when Adam Smith wrote his seminal work (Smith, 1776). Robert Solow (1956) made a seminal contribution by demonstrating that long-term economic development is restricted by the pace of technological advancement. Paul Romer (1986) suggested that knowledge may be an input in production with increasing returns to scale. The solution rests in how societies and markets are structured, and institutions are at the forefront of this. Douglas North describes institutions as "humanly created restrictions that affect human interaction." Under North's theory, institutional quality rises when executive authority is limited. Consequently, adequate, high-quality institutions are required to guarantee that challengers and incumbents enjoy equal legal protection. North argues that long-term economic success should be based on respect for individual rights, emphasizing the importance of investments in education, physical capital, and new technology.

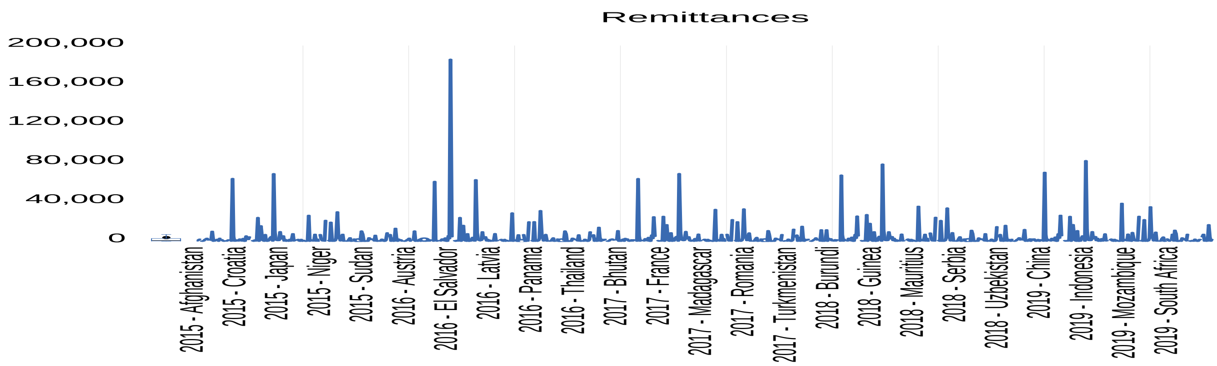
The essential lesson is as straightforward as it is critical: investment is always a direct result of stable institutions. An investment is fueled by with the idea of reaping the benefits under certain circumstances. This could be the right to practice a profession for several years or operate a plant in which several physical investments have been made. Legal and political rights establish "inclusive institutions," institutions whose rights and protection cover everybody, regardless of position in society or origin. This contrasts with "extractive institutions," which exclusively function to extract resources from the people for the advantage of the governing class. Easterly (2013) considers excellent public services to be a necessary part of high-quality institutions; consider machines not functioning due to recurrent power outages caused by a lack

of governmental investment in the upkeep of energy supply infrastructure. Data on per Capita Gross Domestic Product (GDP) was collected from the World Bank.

REMITTANCES

Remittances may be instruments of insurance for the migrant's family to hedge against capital market imperfections, unemployment, education, and investment, but it is a failure to miss the connection between remittances and institutions in the home country. The institutional framework can, in many cases, contradict the development process and can lead to ethical dilemmas such as promoting migration and remitting as a development instrument while disregarding the high cost and personal risks faced by migrants and their families. Failure to recognize the institutional environment may also result in the adoption of initiatives that are impractical, such as encouraging remittance beneficiaries to create microenterprises in stagnating local markets. Positively, focusing on the larger context helps to underscore the range of roles a development organization can play. These may include advocacy; improving working conditions and legal protection for migrants; easing migration restrictions; and facilitating access to formal financial institutions in receiving countries; as well as providing information, support, and a variety of services to migrants, potential migrants, and their families.

Figure 3 Remittances



THE HUMAN DEVELOPMENT INDEX

The Human Development Index (HDI) was created with the goal of drawing attention to the fact that when judging a nation's degree of development, people and the capabilities they possess should take priority over economic growth alone. The HDI may also be used to assess national policy choices, such as determining why two countries with the same GDP per capita have such disparities in human development. These disparities may lead to criticism of the government's policy objectives. The Human Development Index (HDI) is a synthesis of assessments of important human development qualities such as living a long and healthy life, having a high level of education, and having a comfortable standard of living.

The HDI measures the geometric mean of the normalized indices of all dimensions. The average number of years of schooling for those aged 25 and older, as well as the expected number of years of schooling for children who are currently of school age, are used to calculate the education dimension. Life expectancy at birth defines the health component. The gross national income per capita is the major indicator of choice for measuring the quality of life. The HDI uses the logarithm of income to show how the importance of money reduces as the gross

national product (GNP) increases. The three HDI dimension indices' values are then combined into a composite index using geometric mean as the computation technique. The HDI oversimplifies what it means to be human, capturing just a percentage of its complexities. It makes no mention of inequality, poverty, human security, empowerment, or any of the other challenges that exist. The Human Development Index (HDI) offers a better proxy for some of the most pressing issues in human development, such as poverty, gender imbalance, and inequality, than other composite indexes.

This analysis uses UN portal data as a proxy for human capital, which refers to the knowledge and skills embodied via education, training, and experience. In terms of the creation of products and services, human capital is crucial. Human capital is comprised of several things, including knowledge, education, health, and working circumstances. It appears evident that, at a given level of technology, productivity will increase with an increase in human capital. When the level of technology is enhanced—that is, when the level of technology is improved by applying new ways of innovation—human capital grows as knowledge-based production ensues. Human capital may affect growth performance because it works as an input element in the production function (Mankiw, Romer, and Weil) (MRW, 1992). Human capital accumulation provides positive output because its members become more productive, and it contributes to endogenous growth (Lucas, 1988). In addition, the buildup of human capital stimulates higher innovation and increased R & D, which again contribute to endogenous development (Romer 1990). Human capital may also influence capital investment, creating a second-order impact on growth performance (Benhabib and Spiegel, 1994). Hence, human capital can be relevant at both the macroeconomic and microeconomic levels. The microeconomic evidence seems to vary significantly in favor of educational attainment as measured by the number of years spent in

school. Recent estimates indicate that each extra year of education raises individuals' earnings by 6.5 percent. On a global scale, there are insufficient definitive investigations. Mankiw, Romer, and Weil (1992) and Barro et al. (1995) found a substantial positive relationship between cross-national variances in the initial endowment level and subsequent growth rate. Binhabib and Spiegel (1994) and Pritchett et al. (1996) found that education may have a signaling impact at the individual level, hence increasing productivity. These findings have stimulated research to analyze the function and influence of human capital. De la Fuente and Domenech (2000, 2001) developed new estimates that seek to account for vocational and technical training as well as the shift in the number of years connected with various levels of education, which seems to enhance the data set used by Barro-Lee, applying production growth by regressing human capital and labor force but, in this instance, evaluating human capital investment flow as opposed to human capital stock value. While the micro approach has leveraged the production function to explain market assessment at the macroeconomic level, the same method may be used to explain the appraisal of individual enterprises. The focus of market value research has been on technical knowledge and its effect on prospective performance; this is directly related to investments in education, training, and the development of skills that will be crucial for enhancing intangible assets.

SKILLED LABOR AS A PERCENTAGE OF THE TOTAL POPULATION

The skill level of the local population is crucial. If migrants are predominantly unskilled and natives are predominantly skilled (as is increasingly the case in developed countries), there is no significant disagreement in the literature that native workers' wages and employment opportunities will increase due to the complementarity between natives and unskilled migrants and increased investment upon the arrival of migrants. The United Arab Emirates is an extreme

example of natives and low-skilled migrants being "different" and complementary, with migrants constituting a very large portion of the population (in some cases, over 80 percent) and natives constituting a separate, Arabic-speaking, wealthy, and family-connected group that holds a limited number of strategic jobs. There is little direct competition between unskilled migrants and natives, and the latter greatly benefit from the former's cheaper services and the economic growth they bring. The primary point of disagreement is the influence on wages of low-skilled natives who compete with low-skilled immigrants and who, depending on definition, may account for a substantial fraction of the working population in Europe and the United States. Nonetheless, depending on their usage of these services, all local workers, whether skilled or unskilled, will benefit to varying degrees from the lower cost of non-traded services such as domestic help. The preceding discussion demonstrates that the theory that unskilled migration must lower the wages of unskilled natives is fundamentally based on two assumptions: that migrants and natives are substitutes; and that the investment and growth stimulus provided by increased migration is either too small or takes too long to have a significant impact on the wages of native unskilled workers. While the share of skilled labor may have a direct impact on economic outcomes in both the home and receiving nations, it is uncertain if it affects institutional characteristics in the home country.

Table 7 List of Data for Institutional Regression Analysis

Variable	**Definition**	**Source**
Political Right	The Political Rights index is based on a team of professional analysts and researchers analyzing nations using a ten-question checklist divided into three subcategories: Electoral Process (3 questions), Political Pluralism and Participation (4 questions), and Government Functioning (four questions) (3 questions). Each question is scored on a scale of 0 to 4, with 0 representing the fewest rights and 4 representing the greatest rights. The Political Rights Checklist may get a maximum of 40 points (or a total of up to 4 points for each of the 10 questions). There is also a discretionary political rights question that may deduct up to four points from a country's score.	Freedom House
Civil Liberty	The Civil Liberties index is based on a 15-question checklist divided into four subcategories: free expression and belief (4 questions), associational and organizational rights (3 questions), rule of law (4 questions), and personal autonomy and individual rights (4 questions) (4 questions). Each question is scored on a scale of 0 to 4, with 0 being the fewest freedoms and 4 representing the greatest liberties. The Civil Liberties checklist may get a maximum of 60 points (or a total of up to 4 points for each of the 15 questions).	Freedom House
Remittances	Workers' or migrant remittances occur when migrants return home a portion of their earnings in the form of cash or products to assist their family. They have grown quickly in recent years and are now the primary source of foreign revenue for many developing nations.	World Bank
GDP per Capita	GDP per capita sum of gross value added by all resident producers in the economy plus any product taxes (less subsidies) not included in the output, divided by mid-year population.	World Bank

Table 7 Continued

Variable	Definition	Source
Skilled Labor as Percentage of the Total Population	Percentage of the labor force ages 15 and older with intermediate or advanced education, as classified by the International Standard Classification of Education.	United Nation Development Program
HD development Index	The Human Development Index (HDI) is a summary evaluation of average achievement in important human development qualities such as living a long and healthy life, being informed, and having a decent quality of life.	International Labor Organization

PANEL ANALYSIS

The dynamic panel data approach is used in this research to explore the impact of remittance inflows on the quality of homeland institutions in high remittance-receiving developing nations between 2015 and 2020. The research draws on the literature on democracy and education (Acemoglu et al., 2005, Bobba and Coviello, 2007, Castello-Climent, 2008) and Spilimbergo's (2009) work on democracy and foreign education to examine the influence of remittances on institutional quality using dynamic-panel regressions. Remittances would serve as a surrogate for emigration in this research.

THE ECONOMETRIC MODEL

Institutions j;t = β0 Remittancesi;t5 + β1LGDPj; t5 + β 2Hi; t5 + β 3 Xi; t5 + ηj + αt + €I; T

where *i* is the country, *t* is the period. All independent variables are lagged five years.

The coefficients β reflects coefficient for remittances, log GDP and human capital.

The model controls for time fixed effects α_t and country fixed effects η_j the strength of a panel data estimation is that it provides controls for unobserved variables that are country specific and whose omission can deliver a bias result in a cross-sectional model. The validity of moments condition is assessed by using the overidentifying constraints given by Sargan and Hansen and testing the null hypothesis that the error component is not second order or serially correlated. Furthermore, for all Generalized Method of Moments (GMM) instruments, the model uses the Hansen difference test to assess the validity of the extra moment conditions associated with the level equation.

The analysis starts from the most restricted FE and RE models. Comparing the test results between OLS and FE (fixed effect) estimates, as well as between OLS and RE (random effect) estimates allow for testing to determine if the country-pair specific heterogeneity is present or not. Breusch and Pagen Lagrangian multiplier test is used to test the RE estimate against that of OLS. The F-test is used to test the FE estimates against the one from OLS.

Figure 4 Line Fitted Value for Regression Variables

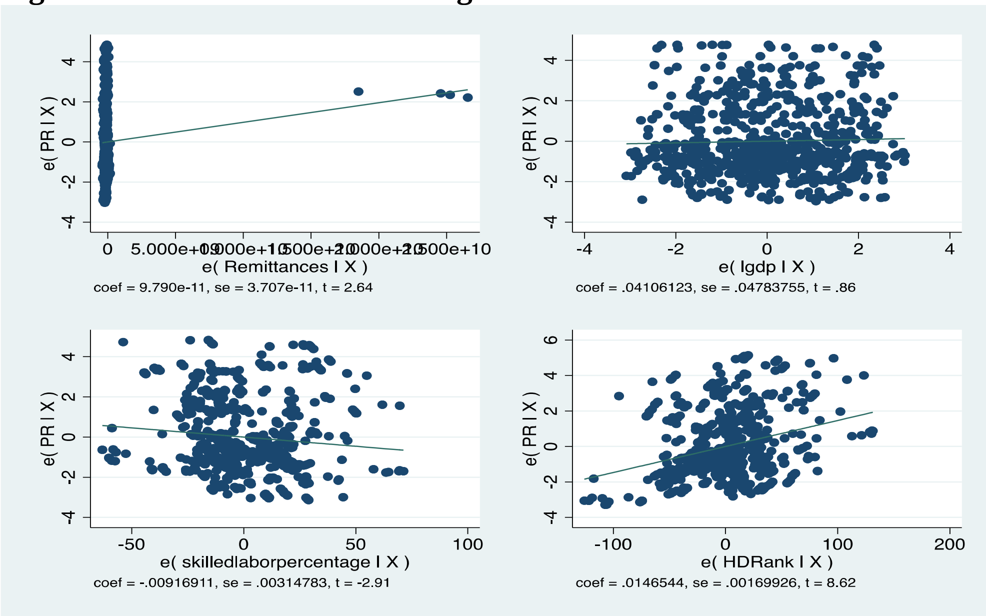


Table 8 Regression Results for Political Right Model

Results for OLS
Fixed and Random Effect

VARIABLES	(1) OLS	(2) Random Effect	(3) Fixed Effect
Remittances	9.790***	1.410***	1.610***
	(0.000)	(0.000)	(0.000)
Log GDP per Capita	0.041	0.019	0.020
	(0.048)	(0.033)	(0.034)
Skilled Labor Percentage	-0.009***	-0.009***	-0.009***
	(0.003)	(0.003)	(0.003)
HD Rank	0.015***	0.014***	0.014***
	(0.002)	(0.002)	(0.002)
Constant	2.012***	2.268***	2.263***
	(0.517)	(0.428)	(0.449)
Observations	720	720	720
R-squared	0.256		0.207
Number of country id		177	177
Country Fe			yes
Year Fee			Yes

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Dependent variable is Political PR
***, ** and * denote significance levels at 1%, 5% and 10% respectively. Robust standard errors are in parenthesis. For Models OLS, Random Effect, and Fixed Effect

Table 9 Regression Results for Political Right for GMM model

VARIABLES	(4) GMM Model
Remittances	1.230***
	(0.000)
Log GDP Per Capita	0.046
	(0.031)
Skilled Labor Percentage	-0.010**
	(0.005)
Human Capital	0.016***
	(0.003)
Constant	1.920***
	(0.542)
Observations	720
Number of country id	177
ar1p	0.162
ar2p	0.187
Hansen p	3.97e-07
Sargan p	0

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Dependent variable is Political PR

*** p<0.01, ** p<0.05, * p<0.1. Robust standard errors clustered by country in parentheses. One step system GMM estimator. The sample is an unbalanced sample comprising data at five-year interval between 2015 and 2020. AR(1) and AR(2) are the p-values of Arellano-Bond test for serial correlations. The values reported for the Hansen J test are the p-values for the null hypothesis of instrument validity. All the variables are treated as pre-determined. They are instrumented for using their own first to third lags in columns 3 and 6. They are instrumented for their own first differences to second lag. In addition to these instruments, the system GMM also uses as instruments for the level equations the explanatory variables in the first differences lagged one period.

Table 10 Regression Results for Civil Liberty

Results for OLS
Fixed and Random Effect

VARIABLES	(1) OLS	(2) Random Effect	(3) Fixed Effect
Remittances	8.26***	1.03***	1.120***
	(0.000)	(0.000)	(0.000)
Log GDP per Capita	0.001	0.003	0.007
	(0.040)	(0.028)	(0.029)
Skilled Labor Percentage	-0.009***	-0.008***	-0.007***
	(0.003)	(0.002)	(0.003)
Human Capital	0.014***	0.013***	0.013***
	(0.001)	(0.001)	(0.002)
Constant	2.397***	2.372***	2.343***
	(0.432)	(0.359)	(0.377)
Observations	720	720	720
R-squared	0.314		0.223
Number of country id		177	177
Country Fe			yes
Year Fee			Yes

Standard errors in parentheses
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Table 11 Regression Results for Civil Liberty GMM Model

VARIABLES	(GMM) CL
Remittances	9.360***
	(0.000)
Log GDP per Capita	0.014
	(0.026)
Skilled Labor Percentage	-0.009**
	(0.004)
Human Capital	0.014***
	(0.002)
Constant	2.226***
	(0.474)
Observations	720
Number of country id	177
ar1p	0.885
ar2p	0.957
Hansen p	6.42e-06
Sargan p	0

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Dependent variable is Civil Liberty
*** p<0.01, ** p<0.05, * p<0.1. Robust standard errors clustered by country in parentheses. One step system GMM estimator. The sample is an unbalanced sample comprising data at five-year interval between 2015 and 2020. AR(1) and AR(2) are the p-values of Arellano-Bond test for serial correlations. The values reported for the Hansen J test are the p-values for the null hypothesis of instrument validity. All the variables are treated as pre-determined. They are instrumented for using their own first to third lags in columns 3 and 6. They are instrumented for their own first differences to second lag. In addition to these instruments, the system GMM also uses as instruments for the level equations the explanatory variables in the first differences lagged one period.

RESULTS AND CONCLUSION

This chapter investigated the relationship between remittances and the quality of home-country institutions. The empirical results showed that remittances have a significant and positive marginal effect on the quality of homeland institutions. The dynamic panel model estimator, robust and unbiased, showed that a one percent increase in remittances enhances the quality of political institutions by 1.2 percentage points. Also, a one percent increase in remittances caused the civil liberty institutions to increase by 9.3 percent. Surprisingly, per capita

income was not associated with increasing the quality of political rights or civil liberty. Moreover, skilled labor reported a significant but not positive relationship with the quality of home-country institutions. In contrast, this is a counter-intuitive result of the impact of income and skilled labor on institutions. Yet, it is consistent with the global observations that many countries were able to increase their education level, skilled labor, and income. However, they were unable to transfer such gains to the quality of their institutions. For instance, China, the Middle East, South America, and Eastern Europe suffer from this dichotomy. It was also clear from the regression results that human development had a positive and significant impact on the quality of home country institutions, but of a small magnitude. This implies that human development is an ongoing process that is incremental and accumulative. Remittances have a variety of effects on domestic institutions.

This section investigated the determinants before using dynamic-panel regressions to analyze the influence of remittances on institutions in the home country. The influx of remittances enhances institutional quality in the sending country. These results were consistent with both the OLS and panel regression models. It supported the hypothesis that there is also a positive and substantial influence on institutional quality when it comes to human capital. Furthermore, the study reveals that human capital has a positive influence on institutional quality (measured by the proportion of skilled workers in the workforce population). Because skilled labor simultaneously increases emigration and decreases average human capital, the issue arises as to whether certain nations might gain an institutional advantage via a brain drain as inflows of remittances return to the home country. The findings were favorably linked to remittances and human capital at home, showing that home nations do not suffer from brain drain if they have excellent institutions. According to the findings, the quality of institutions in the migrants' home

countries improved as a result of greater openness to migration (as shown by total remittances). Institutions permit “transmission" (Foucault 1982) which is represented in the migrant’s ability to enable diaspora engagement policies that are primarily centered on transnational communities, which are founded on a shared, state-centric national identity toward which policies may be directed (Gonzalez Gutierrez 1999). Remittances may help spread democratic principles and norms, even if the emigrants did not have the motivation to do so prior to leaving their home country.

Furthermore, success is dependent on the presence of comparable governmental structures inside the home-state system. The first criteria are difficult to achieve since diaspora networks comprise of various and diverse identities that resist uniformity. Symbolic new policies try to create a homogeneous national "diaspora" with strong devotion to the home-state. These efforts include a vast array of programs and activities with the objectives of boosting emigrants' feelings of belonging to a transnational community of co-nationals and raising the state's standing within this community. When seeking to interact with their various diasporas, nation-states typically make linguistic or symbolic gestures intended to reintegrate the diaspora into their national population. This begins the process of a discourse at the highest level that, on the one hand, glorifies immigrants as national heroes and bestows honors and praise upon them.

CHAPTER VIII

REMITTANCES AND CAUSAL MACROECONOMIC RELATION IN EGYPT

Remittances are estimated to be the largest source of foreign currency after FDI, which is relevant for the economic growth for many countries that receive them. Most research on remittances have focused on their role as a source of foreign currency for economic growth for home countries (Ratha and Prabal, 2012; Goschin, 2014, p. 55). Remittances and economic growth have been widely studied in the literature; however, economists are divided on the impact of remittances in source countries on economic growth. Remittances have been proved to positively impact the economy of the nations in which they are sent. For example, migrant remittances may have a multiplier effect on GDP as a direct result of increased spending and reduced liquidity restrictions. Additional research has shown that migrants' home nations' economic development is enhanced by offering an alternate source of investment capital and reducing financial limitations via remittance inflows. An econometric model was used to re-examine the impact of foreign direct investment (FDI) on Bangladesh's, Sri Lanka's, India's and Pakistan's GDP from 1976 to 2006 by Rahman (2007). According to Yaseen (2012), economic growth may be influenced by remittances via two channels: financial development and the development of institutions (Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Oman, Syria, and Tunisia). The study found that remittances' impact on economic growth was most pronounced between the years 2000 and 2010. Remittances from Pakistani workers have been linked to Pakistan's economic growth between 1991 and 2012, according to Waqas (2013). Remittances have a favorable impact on both absolute and relative GDP growth in CEE (Central and Eastern Europe) nations between 1995 and 2011, according to Goschin (2014). Tahir et al. (2015) found that remittances, along with other external variables like imports and FDI, helped

Pakistan's economy thrive from 1977 to 2013. The combined impact of FDI and migrant remittances on economic development was studied by Comes et al. (2018) using data from seven Eastern and Central European countries with per capita GDPs under 25,000 Euros. Both FDI and remittances were shown to have an impact on GDP, although FDI had a greater impact. Several other studies, such as those by Leon-Ledesma and Piracha (2004, 2006), Lueth and Ruiz-Arranz (2006), Mundaca (2009), Abu Siddique and Selvanathan (2010), Ahmed et al. (2011, 2012), Bugamelli and Patern (2009, 2010), Khathlan (2012, 2012), Shafiq et al. (2012), Driffield and Jones (2013, 2014), Datta (2014, 2015, 2019) have shown that the economic prosperity of migrants' home countries might be negatively affected by remittances they send back to their home countries. Moreover, Jahjah et al. (2003) found that remittances had a negative effect on recipients' motivation to work. Remittances have been shown to lead to labor losses in the home countries of migrants when they reduce the desire of beneficiaries to work, which in turn leads to reductions in the workforce, particularly for highly trained workers. "Compensatory transfers" that helped low-income households in bad times, but not profit-generating capital flows, were determined by Chami et al., (2005) after evaluating data from 101 developing nations that both labor incentives and moral-hazard concerns were negatively affected by the decrease in the amount of money received from the United States. Additional research shows that remittances may harm long-term economic development in 22 percent of recipient countries by causing currency appreciation and export declines. Small countries that rely heavily on migrant remittances had a detrimental effect on economic development from these transfers.

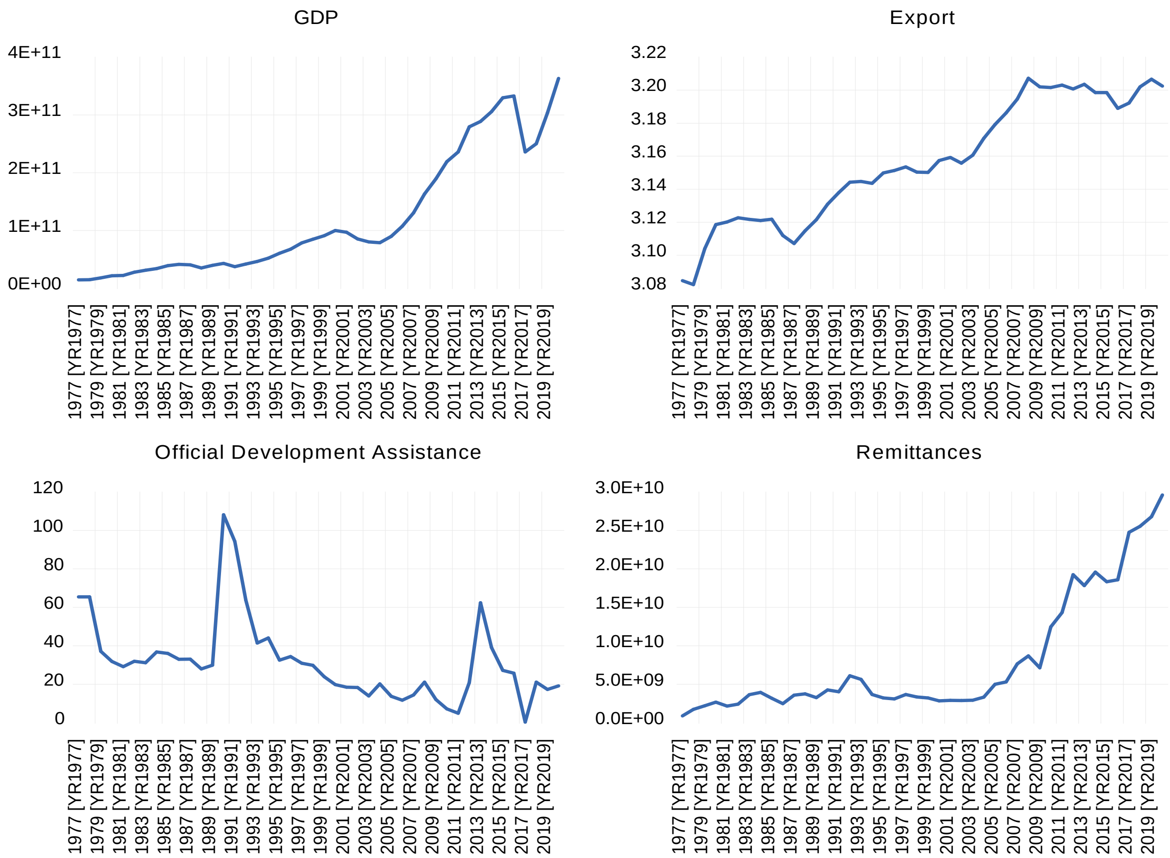
ECONOMIC GROWTH IN EGYPT

Remittances are critical as a percentage of GDP. The share of Egyptian migrants' remittance inflows in the country's GDP was generally less volatile. As a result, it accounted for

a much larger share of international capital flows than other sources, including official development assistance and foreign direct investment, except for the years 1980–82, 1989–91, and 2017 (when Egyptian migrants' remittances were the country's second-largest source of foreign exchange and accounted for 17.3% of GDP). Due to the weak Egyptian pound, remittances to Egypt surged by 16.2 percent between 2016 and 2017. Because of the Egyptian pound's decline due to free-market liberalization, Egyptians may have been forced to use official means to transfer their money. Because of the Egyptian government's reforms and incentives to encourage investment, remittances accounted for a lower proportion of GDP in the fiscal year 2017 than foreign direct investment (FDI). However, a $3 billion increase in remittance payments between 2017 and 2018 was primarily responsible for a significant portion of the reduction of the government's deficit in 2018. In 2018, Egypt's current account deficit was $3.4 billion, a 64% decrease from 2017's $9.4 billion. A large part of this decline is attributable to substantial gains in vital sources of state income, particularly Egyptian migrants' remittances. There is a good chance that Egypt's economy will profit from these growth-driven inflows of capital by making them a long-term source of financing. Although the Egyptian economy receives a substantial portion of migrant families' remittances, they are the second-largest source of income for migrants, which reduces poverty. These remittances are mainly used for housing and other non-investment reasons, harming economic growth (Center for Social and Economic Research, 2012, p. 7; International Organization for Migration, 2010, p. 11). One of the reasons remittances are not spent to their full potential is attributed to a lack of knowledge that the government offers investment programs.

Data on remittances (defined as personal remittances received in current US dollars) and GDP (in constant 2000 US dollars), and data on ODA (Official Development Assistance) and exports are also obtained from World Development Indicators (WDI) issued by the World Bank.

Figure 5 Real Values of Variables by Year



Hamed Regression, 2022

The analysis examines the period from 1977 to 2020 because the remittance series began in 1977. Then, using the U.S. GDP deflator obtained from the FRED (Federal Reserve Economic Data), nominal remittance values are converted to real (2000) US dollars. Figure 1 plots the GDP and remittance series log over the study period.

$$\Delta Ln\ GDP_t = \beta_0 + \beta_1 \Delta\ Ln\ GDP_{(t-i)} + \beta_2 \Delta\ Ln\ Expo_{(t-i)} + \beta_3 \Delta Ln\ Rem_{(t-i)} + \beta_4 \Delta Ln\ ODA_{(t-i)} \quad (1)$$
$$+ \lambda\ ECM_{(t-1)} + €i$$

Where:

$$ECM_{(t-1)} = Ln\ GDP_{(t-1)} - \alpha_0 - \alpha_1\ ln\ Expo_{(t-1)} - \alpha_2\ Ln\ Rem_{(t-1)} - \alpha_3 Ln\ ODA_{(t-1)} \quad (2)$$

where the "short-run dynamics" of the variables in the "ECM" are represented by the series in differences while the long-run relations of the variables in levels are less fluctuating.

The "speed of adjustment coefficient" (λ), which is expected to be negative, represents the amount of "correction" for the period (t – 1) reflecting disequilibrium that occurs in period t. This test is applied when all variables appear to be cointegrated at the first difference. Also, the Granger causality test is conducted between GDP and remittances (Granger, 1981; Brooks, 2008). Finally, the diagnostic tests of the model are conducted to ensure that the model is stable and adequately passes the econometric pathology for residual serial correlation, "Lagrange multiplier test," normality of residuals; "normality test Jarque-Bera," and "heteroscedasticity" test, and this is shown by the p-value.

To test for the existence of a long-term relationship between remittances and GDP, this chapter uses an autoregressive distributed lag (ARDL) bounds testing approach to cointegration developed by Pesaran et al. The use of the ARDL method is more appealing than other cointegration methods for the following reasons:

1. The ARDL method is relatively more robust in small samples consisting of 30 to 80 observations as in the current study.
2. The method is not sensitive to orders of integration of the variables of interest, although the series must not be integrated above order, *I* (1).
3. The ARDL approach is based on a single equation framework.

4. It has been shown that the ARDL bound testing approach to cointegration yields efficient simultaneous estimation and separation of the short-and long-run relationships between the variables of interest. Moreover, it yields unbiased estimates and valid t-statistics, even if some regressors are endogenous.

Although the ARDL cointegration method is not sensitive to the order of integration of the time series, it is essential to conduct a unit root test to ensure that none of the variables are above $I(1)$; otherwise, the computed F-statistics, as produced by Pesaran et al., can no longer be valid. Thus, unit root tests were performed for all the variables. The most common unit root tests used for time series econometric studies, the Augmented Dickey and Fuller (ADF) (1979) and the Phillips and Perron (PP) (1988) tests, have been criticized for being unreliable with small samples. Alimi (2014) and Dejong et al. (1992) faulted these two tests because they tend to reject the null hypothesis too frequently when it is correct and accept it when it is false. Therefore, in addition to the ADF and PP tests, this study employed two relatively newer tests, the Dickey-Fuller Generalized Least Squares (DF-GLS) test developed by Elliott et al. (1996) and the Ng and Perron (2001) test. According to the four-unit root tests, all variables were stationary in their first differences for the model.

Also, to ensure that the model did not suffer from serial correlation, the Breusch-Godfrey serial correlation Lagrange Multiplier (LM) test was also performed to ensure that it is free of serial correlation. The results of the LM test for the model are reported. According to the test results, the model passes this test at the 5% significance level. Finally, the research also examined the structural stability of the model, using the cumulative sum (CUSUM) and the CUSUM of squares. These tests were suggested by

Pesaran and Shin (1999) to test the stability of the coefficients of the ARDL model.

Since the graphs of the CUSUM and the CUSUM of squares tests remain within the 95% confidence intervals, this provides statistical evidence that the models do not have a structural break.

This Chapter examines the long-run causal link between remittances and output in Egypt for the period 1977–2020. The long-run causal link is examined using the autoregressive distributed lag (ARDL) bounds test for cointegration, along with a vector error-correction model to estimate the short-and long-run parameters of equilibrium dynamics. Results show that remittances and GDP are cointegrated, with a statistically significant, positive causality running from remittances to output, while output is found not to be a long run forcing factor of remittances in Egypt. The findings of this analysis shed light on the importance of remittances for promoting economic growth in Egypt. Governmental policies that attract more remittance inflows, along with their efficient use, could promote economic growth in Egypt.

The Bounds test performed using the estimated ARDL model by setting the coefficients of all the one period lagged variables equal to zero. ε_t is assumed to be white noise error. The null and alternative hypotheses H_o and H_a, respectively, of the Bounds test for cointegration are H_0: $\alpha_1 = \alpha_2 = \alpha_3 = \alpha_4 = 0$ and H_a: $\alpha_1 \neq \alpha_2 \neq \alpha_3 \neq \alpha_4 \neq 0$, or at least one of these four coefficients is different than zero.

The bounds testing approach to cointegration is conducted in two steps. The first step involves testing the existence of a long-run relationship between remittances and GDP using two-test statistics: an *F*-test for the joint significance of the coefficients of the lagged level variables (H_0: $\tau_1 = \tau_2 = 0$) and a *t*-test for the statistical significance of the coefficient on the lagged level of the dependent variable (H_0: $\tau_1 = 0$) (Pesaran et al.). The *F*-statistic does not follow the standard *F*-distribution and hence they provided lower and upper bound critical

values. The lower bound critical values assume that all variables are *I*(0) while the upper bound values assume that they are *I*(1). Like the *F*-statistic, the *t*-statistic does not follow the standard *t*-distribution (Pesaran et al) and it also provided their lower and upper bound critical values. Cointegration between the variables of interest is established if the *F*-and *t*- statistics exceed the upper bound critical values. A note worth mentioning is that the *F*-statistic is affected by two factors, the lag length of the first-order differenced variables in (3) and the inclusion of a time trend. The decision about these two factors will be discussed in the next section.

Table 12 below reports the Bounds test results for the model, and the test statistics values were compared with the critical values of the Bounds test calculated by Pesaran et al. (2001). The calculated F-statistics for the model is very large 8.78 above the 1% I(1) critical values of the Pesaran et al. (2001). The estimated ARDL reported in table 1 complement the Bounds test. The t-test on the coefficients is -5.79, the t-test is not reported in table 1 since the t-value of the model is above the 1% I(1) critical value of the t-limiting distribution of Persaran et al. (2001). The Bounds test results for the model, and the test statistics values were compared with the critical values of the Bounds test calculated by Pesaran et al. (2001).

The main additional value of the long run ECM is that it includes one-period lagged error correction term (EC_{t-1}) from the cointegration model equation shown below the coefficient is highly significant and negative. The result implies that when the variables are not in their long-run equilibrium values, as in the model illustrated in Table 3, more than 69% of the adjustment would take place within the first year. Another added value for the ECM ARDL model is that it generates the cointegration equation.

Model Equation:

lnGDP = (2.1934*lnEXPO + 0.1640*lnREM -0.0784*lnODA)

P^{-value} (.005) (.008) (.36) (3)

Table 12 Critical Values for Bounds Test

Estimated statistics			
Model ARDL (4,0,4,4)	F-statistics		Degree of freedom
	8.78		40
Bounds calculated by Pesaran and Narayan			
	Pesaran et al. 2001		
Significance level	I(0) Bound	I(1) Bound	
10%	3.47	4.45	
5%	4.01	5.07	
1%	6.23	7.74	

The coefficients of the independent variables are the long-run elasticities of x with respect to each independent variable. The elasticity of GDP with respect to Export = 2.19 which implies that one percent increase in GDP would increase Export by 2.19% similarly the elasticity of GDP with respect to Remittances is .16 while the elasticity of GDP with respect to ODA is -.08. Both remittances and exports have a positive relationship with an increase in the Egyptian GDP because it creates a multiplier effect through goods and labor markets. Additionally, remittances could increase the output indirectly because it frees some resources for investment in education, and human capital, which will positively impact productivity in the long run. Surprisingly, the cointegration findings suggest that increasing net official development aid by a percentage point decreases real GDP by around 0.08 percent. However, this is statistically negligible and possibly also practically inconsequential. Hence, there is insufficient evidence to support this association; thus, assistance delivered throughout this period (1977–2020) was inefficient at attaining high levels of economic development. Financial international assistance is contingent on developing

nations implementing policy changes to enhance free market systems and good governance, which limits its impact. This contrasts with the 1960s assistance, which was largely concentrated on physical infrastructure such as airports, highways, power plants, telephones, schools, and health facilities (Moyo 2009). Therefore, if assistance is inefficient in the long term at enhancing economic development, it must be assumed it is being misallocated within the economy or that it is doing little to encourage strong capital accumulation, technical innovation, and labor force participation.

Table 13 Estimated Long-Run ECM ARDL Model

Model: ARDL (4, 0, 4, 4)
Sample 1977-2020
Dependent Variable ΔlnGDP
Independent VariablesΔlnexpo ΔlnRem ΔlnODA

C	19.96374***
@TREND	0.059923***
$\Delta lnRGDP_{t-1}$	0.830063***
Δ (LRGDP$_{t-2}$	0.093985
Δ (LRGDP$_{t-3}$	0.62576
$\Delta LRREM_{t-3}$	-0.034175***
Δ LRREM$_{t-1}$	-0.214544***
Δ LRREM$_{t-2}$	0.055961
$\Delta LRREM_{t-3}$	-0.170875***
Δ LRODA$_{t}$	0.045636***
Δ (LRODA$_{t-1}$	0.061778***
Δ lnRODA$_{t-2}$	0.076557***
$\Delta lnRODA_{t-3}$	0.046283
DUMMY	0.023858
CointEq$_{t-1}$	-0.695908***

*,**,*** represents the significance levels of .10, .05, .01
Source: GDP, Export, Remittances, and ODA data came from the World Bank Database (2020). The data was transformed from
nominal to real by applying the GDP deflator obtained from the Federal Reserve Economic Database (FRED) of Saint Louis (Federal Reserve Economic Data 2020).

Granger causality tests were conducted since the research revealed cointegration among the variables. Pesaran et al. (2001)'s innovative work on cointegration of time series variables with varying integrating orders is supplemented in this chapter by the Toda and Yamamoto's (1995) technique. Therefore, within the context of the calculated VAR model, this analysis conducted Granger causality tests on the model.

The VAR model was estimated using the same data as the ARDL model. Prior to executing the Granger causality tests, we conducted the Breusch-Godfrey Lagrange Multiplier (LM) Test to determine serial correlation in the VAR model. There is no evidence of serial association at the 95% confidence level, according to these tests. Additionally, the study displays the inverse roots of the autoregressive (AR) characteristic graphs of each VAR model to assess the models' dynamic stability. Since the inverse roots of the AR characteristic polynomials stay contained inside the unit circle, it is assumed that the model is dynamically stable. The appendix contains dynamic stability tests (graphics) and the findings of the Breusch-Godfrey LM test for serial correlation for VAR models.

The Granger causality test results for the model are shown in Table 4. This model has four variables: lnGDP, lnexpo, lnRem, and lnODA. For each of the four endogenous variables, Eviews generates block exogeneity joint Wald tests to determine if the three right-hand sided variables together Granger-cause the left-hand side variable. Additionally, a t-test is run on each right-hand side variable. The first test establishes that the three right-hand side variables, lnexpo, lnRem, and lnODA, together produce lnGDPt due to their high significance. This was predicted, given the strong F-test score for cointegration in the Bounds test. Interestingly, in this test, the only independent variable that is statistically significant on its own is Export. This conclusion is consistent with the premise that ER (real exchange rate) indirectly contributes to Y via exports,

remittances, and government development aid. These findings are based on t-tests conducted on each right-hand variable separately.

Table 14 Granger Causality Test

Excluded	χ^2	df	Probability	Excluded	χ^2	df	Probability
Dependent		lnGDP$_t$		Dependent		lnEXO	
Variable		2	0.03	Variable		$_t$	
lnEXPO$_t$	6.93	2	0.24	lnGdp$_t$	2.66		0.26
lnRem$_t$	2.79	2	0.04	lnRem$_t$	4.28	2	0.11
lnODA$_t$	5.29			lnOda$_t$	1.29	2	0.54
						2	
All		6	0.04	All	7.95		0.24
	12.98					6	
Dependent				Dependent			
Variable		lnRem$_t$		Variable		lnOD	
lnGDP$_t$	0.70	2	0.70	lnGDP$_t$	4.33	A$_t$	0.11
lnExpo$_t$	0.65	2	0.72	lnExpo$_t$	2.29		0.31
lnODA$_t$	0.85	2	0.65	lnRem$_t$	2.28	2	0.31
						2	
All	3.38	6	0.75	All	17.51	2	0.007
						6	

CONCLUSION

Using the ARDL Bounds testing approach to cointegration along with a vector error-correction model, this chapter has examined the long-run causal relationship between remittances and output in Egypt during the period from 1977 to 2020. Results of the cointegration Bounds test show a statistically significant positive, long-run relationship between GDP and remittances, with causality running from remittances to GDP. Moreover, output is not found to be a long run forcing factor for remittances in Egypt. Results of the error-correction model show a 69 percent adjustment in the first year for GDP and remittance to restore their long-run relationship following any shock. The findings of this paper add to the existing evidence on the macroeconomic effects of remittance inflows and are in line with household-level studies which find that remittances improve the welfare of their recipients.

Egypt may benefit significantly from the experiences of other nations that have successfully encouraged migrants to send remittances to be invested in economic enterprises. Egyptian policymakers should produce guidelines outlining suitable rules and processes for promoting the use of remittances for local economic investment. These instructions should be founded on realistic goals, methods, and time periods that may assist Egyptian families in overcoming the barriers they experience when considering investing in Egypt. Enhancing the beneficial effect of remittances on economic growth will require the adoption of effective policies, which may include the following: encouraging social financial institutions and credit unions to attract, channel, and administer remittances through attractive credit opportunities; lowering transaction costs associated with remittances, improving money transfer technology, and disseminating information about the various types of transfer channels. Additionally, establishing voluntary codes of conduct for fair transfers of funds.

Remittance-related products (such as savings and insurance products that help protect households' social welfare) should be developed, as should measures to increase migrants' access to financial services, both at home and abroad, such as issuing ID cards and allowing domestic banks to conduct business in foreign markets.

If remittances are going into critical industries with the potential for productive investment in the home nations, incentives (such as tax exemptions) should be offered to encourage migrant remittances. This would assist in creating jobs and boost the economy.

CHAPTER IX

REMITTANCES SECURITIZATION AND INTERVENTIONS

Financial organizations are seeking ways to harness the value of cash sent home by emigrants. Many of the developing-country's financial institutions have securitized remittance cash flows for this purpose, but only a subset of these securitizations involves worker remittances. Similarly, only a few researchers have considered specifically collateralizing loan instruments with worker remittances; most prefer to bundle worker remittance securitization with future flow securitization in developing economies in general.

Nonetheless, relief organizations and other non-profits point to remittance-backed bonds as a method to capitalize on the development potential of the money that workers send home. The scale and consistency of worker remittances have sparked an interest in this cash flow. Worker remittance securitizations are examples of how parties in remittance-receiving nations have used the value of this cash flow to obtain access to finance markets.

Financing development has always been a tough issue to tackle. Since the millennium development goals were established, more emphasis has been given to new sources of development financing, including foreign direct investment, the proposed global development tax, and World Bank loans. While the effect of remittances on development has been extensively studied, little is known about their potential as a new source of capital. Along with raising millions of people's living standards, the huge quantity of money remitted each year will contribute to the strengthening of financial institutions, which banks and governments may securitize to increase access to capital. Due to the volume of remittances, many new financial mechanisms have developed, with a particular focus on securitizing future remittance flows.

This chapter examines some of the funding alternatives available to governments to boost social and economic development. There are two primary types of funding available: traditional bank loans and nontraditional loans. Foreign direct investment and worldwide taxation are two examples of external development funding. Domestic alternatives, such as loans and remittances, make up the other half of the financial spectrum. Both funding types have advantages and disadvantages, as this section will explore. However, we shall focus more on remittances in this section.

FUNDAMENTAL EXAMINATION OF REMITTANCES SECURITIZATION

Remittances involve a wide range of transactions, such as check payments, wire transfers, and credit card payments. Regardless of the form of remittances, securitization is most typically used to refer to the securitization of varied payment rights. Diversified payment rights are the rights (but not the responsibilities) that a bank has in payment orders to pay funds to recipients. For example, if a bank in Latin America receives wire transfers of money sent by employees in the United States to relatives back home, the bank's right to receive these payments (but not its responsibility to deliver the funds to the relatives) are examples of diversified payment rights. Securitizing remittances is based on the notion that a bank's receipt of a remittance is distinct from its responsibility to pay the recipient of the transfer. Securitization, in a nutshell, is the sale of assets to a special purpose vehicle, or "SPV," which later incurs debt secured by the assets.

A crucial element of remittances for securitization purposes is that they constitute a sort of future cash flow — a stream of revenue created by the bank's continuing activity. In a future flow securitization, a bank looking to generate capital offers the first right to receive a certain future revenue stream to an offshore-incorporated SPV. The SPV then offers debt instruments secured by the future revenue stream. The SPV transfers the proceeds of the issue to the bank in

exchange for the first right to collect the cash flow. The "originator" or "originating bank" is the bank trying to raise money, whereas the SPV is the "issuer" of the debt instruments. The "investors" are the people who acquire debt instruments from the SPV. According to agreements between the originating bank and the numerous institutions (such as correspondent banks) through which it receives payments from overseas, the securitized cash flow is directed to an offshore account overseen by a trustee. The trustee collects receivables and distributes principal and interest to investors.

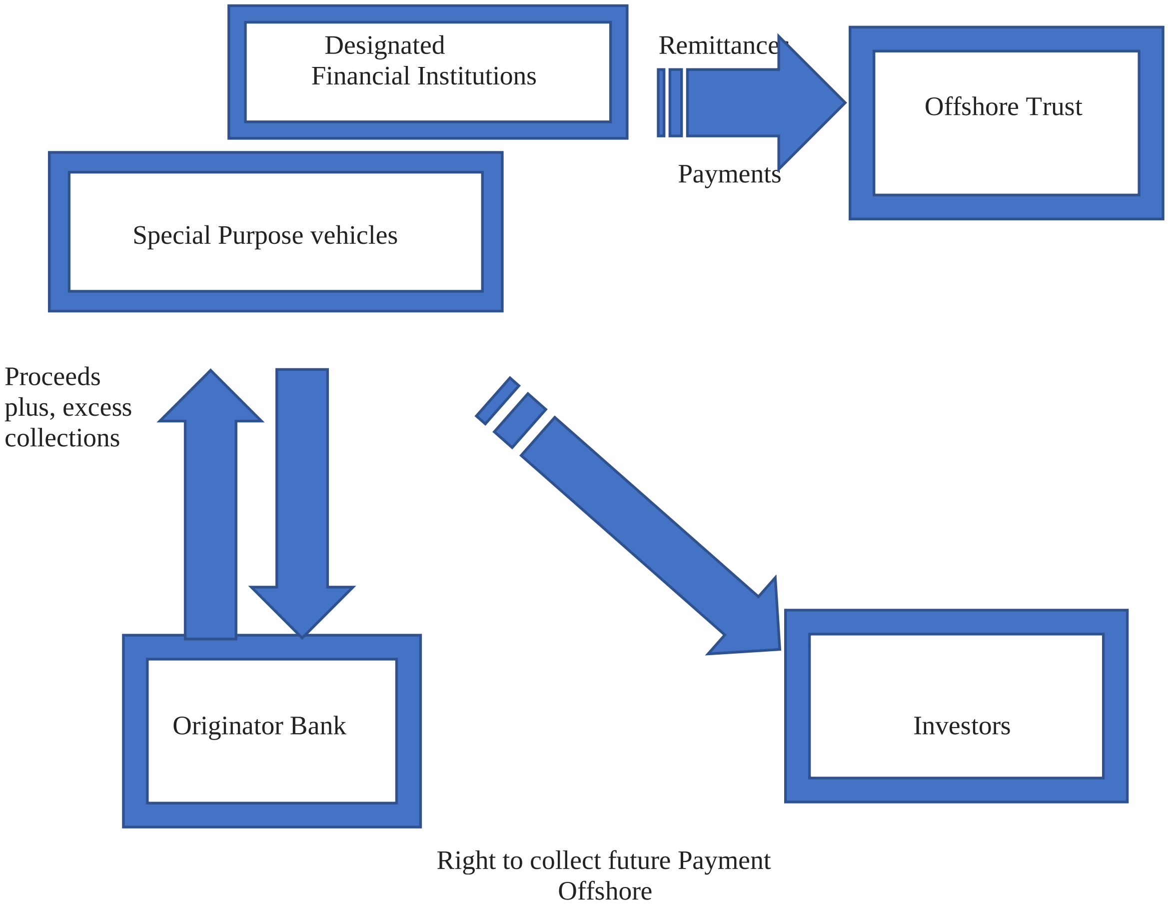
SECURITIZATION IN ACTION

In the case of worker remittances, for example, the originating bank sells to an SPV, the first right to collect monies sent by migrant workers (pay in for transfer). Cash from remittances accumulated in the trustee's account until the next payment of principal and interest is due to the investors. After the trustee has paid the investors, the extra cash is transferred to the originating bank. If a default event occurs on the debt instruments, the investors seize any cash stored in the collection account at that time and apply it to the outstanding debt. This would not relieve the originating bank of its responsibility to pay the recipients of the remittances. However, the bank would be unable to meet that obligation using the remittance monies received by the trustee in the offshore account at the time of failure. In principle, a default might prevent an originating bank in a developing area from making funds accessible to remittance receivers. The bank would most likely try to avert this outcome by fulfilling its commitment to disperse the money to its designated recipient using whatever funds it could obtain for that purpose. If the bank is unable to do so, the risk of remittance securitization may fall directly on individual remittance recipients.

It is important to note that remittance recipients face a similar risk anytime remittances are delivered, since a bank may default or go bankrupt before these receivers can reclaim payments. With funds in the hands of offshore trustees, remittance securitization can present challenges in seeking to get back the cash that was remitted. However, the impact of remittance securitization on defaulting banks does not appear to have a fundamentally different impact than any other type of securitization that a bank might be involved in.

Some remittance securitizations have mainly featured worker remittances; others have used a variety of remittances, with emigrant workers' funds accounting for only a small fraction. For example, a 1999 offering by El Salvador's Banco Cuscatlán and a 2001 issuance by Brazil's Banco do Brazil were mostly fueled by worker remittances. By contrast, worker remittances account for a tiny fraction of the securitized payment rights issued in 2001 by the Banco de Crédito del Per, about 10 percent. In Brazil, the recent securitization of remittances has not been driven by worker remittances.

Figure 6 Remittances Securitization Process



Author Interpretation Based on Ratha 2009

Factors other than those associated with current securitizations contribute to credit improvements associated with the securitization of future flows. Credit enhancement results from the transfer of securitized assets to the SPV in an existing asset transaction. This kind of transfer is intended to separate the assets from the liabilities of the originator. On the other hand, the securitization of remittances using offshore SPVs is designed to give the originator a rating higher than the sovereign rating of the country in which the originating bank operates. The major

worry of investors in a future flow securitization is not the SPV's bankruptcy risk but the originator's viability as a going concern (and hence the probable size and stability of the future flow of cash being securitized).

The structure of the remittance securitization—the offshore location of the SPV and the sale of the right to receive the future cash flow to the SPV serves to isolate the future flow from credit risks associated with the originator's jurisdiction, such as currency risks and costs and political risk. Political risk involves the possibility of government directives redirecting the flow of funds or sovereign restrictions on currency movements and conversions. Political risk, in general, is the risk that a sovereign will take action that impacts the debtor's payment on debt instruments.

Some might split political risk into two categories: the first risk of a sovereign's purposeful act of interference, and the second risk is that the sovereign's manipulation of the commercial transactions could impact or hinder the debtor's capacity or desire to pay. It is important to note that, although remittance securitization reduces political risks linked to the jurisdiction of the originating bank, it still entails offshore political risk. Changes in government policy in the countries of remittance senders may also have an impact on remittance flows. Banks in Latin America that securitize worker remittances, for example, might be impacted by a change in US policy addressing worker remittance taxes or immigration and labor. While unlikely, such a move may jeopardize the developing-region originators' ability to service remittances-backed bonds.

In principle, once the future cash flow is sold to the SPV, the only ones who bought the SPV's bonds have any rights to it. According to practitioners, laws in many developing countries allow the originator's counsel to opine that the securitized assets were transferred to the SPV in a true sale transaction and that remittances would continue to flow through the collection account

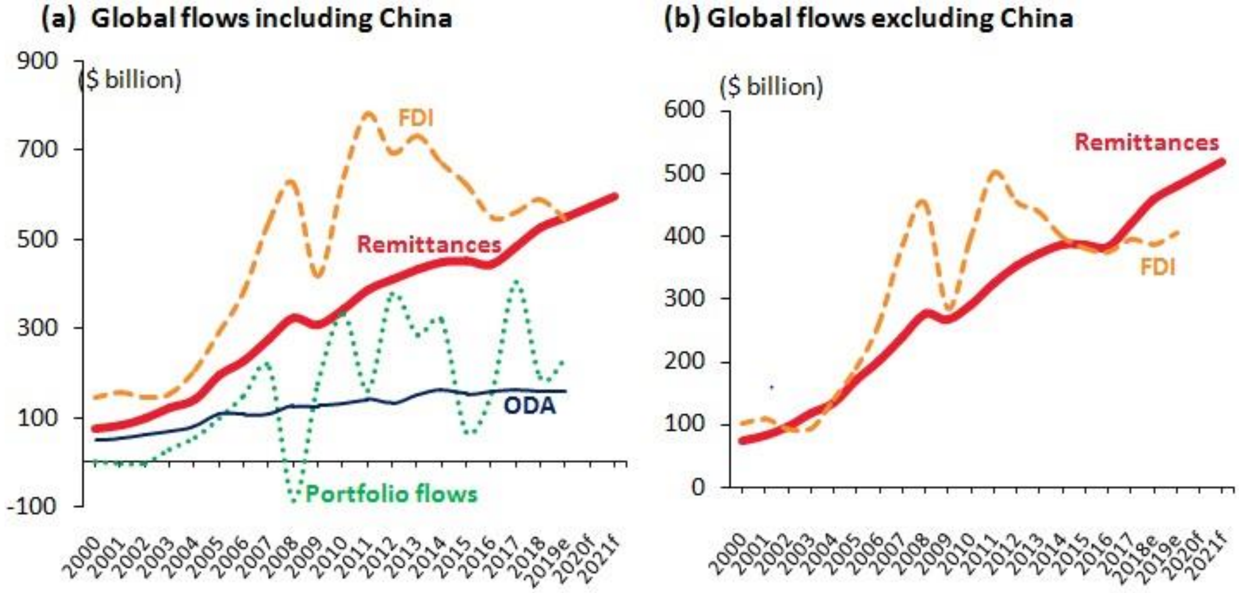
to service the debt instruments even if the originator went bankrupt. The sale opinion, on the other hand, serves a different function in a remittance securitization than it does in an existing asset securitization. The goal of this opinion in the future flow transaction is to prove that the transfer of the first right to receive remittances effected a sale to a foreign purchaser under the laws of the originator's country. The purpose is to reduce political risk, not to separate the assets from those of the originator in such a way that a U.S. court would deem the assets inaccessible to the originator's creditors. Again, since the securitization is of future flows rather than present assets, the ratings study focuses on the originator's strength as a ongoing concern rather than the separation of the future flow from the originator's liabilities.

Securitizations reduce originators' costs of capital while incurring significant transaction expenses. These expenses are digestible for the originator if the pool of assets securitized is big enough and the savings from credit enhancement are significant enough that the reductions in capital costs surpass the transaction costs.

THE CASE OF WORKER REMITTANCE SECURITIZATION

The securitization of worker remittances may provide a special opportunity to use structured finance to help the impoverished. In contrast to current asset securitizations, remittance securitizations are based on predicted future cash flows. Future flow transactions are dependent on the originating bank's ability to maintain or increase its market share of the securitized cash flow. Consequently, securitization of worker remittances may incentivize banks to encourage use of the formal banking system by senders and receivers of remittances. Individual remittances are often small quantities of money, but when totaled, these inflows exceed foreign aid and are more constant than private capital flows, as demonstrated in Figure 1below.

Figure 7 Global Remittances Outflow



Source: World Bank (2021, 2: Figure 1.1)

Many major financial institutions have reacted to the scale and consistency of worker remittance flows by launching initiatives aimed at attracting emigrant worker clients. Bank of America's SafeSend program, in which employees overseas acquire ATM debit cards that can be used for withdrawals by family in Mexico, is one example of a mainstream bank's initiative to penetrate the remittance industry. Aside from these patterns, various publications on remittances have decried the high expense of sending income home as well as the absence of banking facilities for the poor. Furthermore, migration and labor displacement have enormous social and economic consequences, some of which are favorable and some of which are harmful. There is certainly a lot of political capital at stake in the immigration and labor debates.

For instance, in Latin America, where investors have long been concerned about sovereign and political risk, remittance securitization has emerged as a valuable and promising instrument for risk reduction (Buchanan 2017). Remittance flows in the area have been

increasing over the previous five years, reaching a record high of $103 billion in 2021, and are expected to continue to increase.

Table 15 World Bank's Estimates and Forecast for Remittance Flows to Developing Country Regions, 2010-2021 (US$ billions)

	2010	2016	2017	2018	2019e	2020f	2021f
				($ billions)			
Low and Middle Income	**343**	**444**	**484**	**526**	**551**	**574**	**597**
East Asia and Pacific	96	128	134	143	149	156	163
Europe and Central Asia	38	44	53	58	59	62	64
Latin America and the Caribbean	56	73	81	89	96	99	103
Middle East and North Africa	39	51	57	58	59	61	63
South Asia	82	111	117	132	139	145	150
Sub-Saharan Africa	32	38	42	47	49	51	54
World	**470**	**589**	**634**	**683**	**707**	**739**	**768**
				(Growth rate, percent)			
Low and Middle Income	**11.6**	**-1.6**	**9.1**	**8.6**	**4.7**	**4.2**	**4.0**
East Asia and Pacific	19.9	-0.5	5.1	6.8	3.8	4.7	4.5
Europe and Central Asia	5.6	0.1	22.3	8.4	1.8	4.6	4.3
Latin America and the Caribbean	2.5	7.4	10.8	9.6	7.8	3.8	3.6
Middle East and North Africa	18.2	-1.2	12.1	1.6	3.0	2.7	3.2
South Asia	9.4	-5.9	5.8	12.7	5.3	4.1	3.6
Sub-Saharan Africa	11.1	-9.9	9.4	10.7	5.1	5.1	4.9
World	**8.6**	**-1.1**	**7.7**	**7.6**	**3.5**	**4.6**	**4.0**

Source World Bank 2022

The data above understate the true absolute values of remittance flows since migrants often utilize unregulated channels and informal networks to transfer money back to their home countries, making monitoring of these movements difficult. While only a few nations attempt to gather data on the influx of remittances through unofficial routes, the World Bank (2021) estimates that if unofficial remittances were included in statistics, the overall volume of documented flows may rise by at least 50%.

SWIFT AND THE MONEY TRANSFER SYSTEM

Society for Worldwide Interbank Financial Telecommunication (SWIFT) is an international cooperative that offers secure financial communications services. SWIFT links over 11,000 financial institutions in 200 countries. Most commercial banks are SWIFT enabled and already accept transactions (including remittances) from several offshore correspondent banks, almost all of which are in Europe. It is important to recognize that several payment rights via the SWIFT international network, including workers' remittances, have been securitized since the early 2000s (Ketkar and Ratha 2009). Furthermore, several foreign banks with offices in their home countries and international non-bank financial organizations, notably Western Union, have permitted local governments to send remittances home. In sum, many financial systems are already in close contact with international organizations and capital markets. As a result, a foundational financial architecture has been established upon which the remittance securitization transaction may be developed in the capital markets.

However, securitization is a difficult issue to which many parties may take quite diverse responses. Present investors may argue that originators are maximizing the cash flow value since current levels of collateralization are the bare minimum at which investors will engage. On the other hand, one may argue that investors in remittance-backed bonds should consider increasing their risk tolerance. Carrying more risk than they do currently – without a matching rise in return – may push investors (members of "wealthier groups") to maximize the development potential of remittance securitization. It may be beneficial to identify worker remittance-backed bonds as being inextricably linked to poverty and migration, and then market them to development-oriented investors who have different collateralization standards, such as socially conscious or development-oriented investors. Distinguishing worker remittance securitizations from future

flow securitizations more broadly in emerging markets could facilitate such an effort. Only a small percentage of worker remittances are transferred by or to low-income individuals; in other circumstances, well-compensated professionals send money to distant families or communities. However, in many circumstances, worker remittance cash flows are predominantly transmitted by low-income employees to receivers who are in desperate need of assistance. If it is necessary to separate worker remittance-backed transactions from future flow securitization in general, which transactions should be recognized-those in which worker remittances account for more than 90% of the securitized cash flow? Or is a lower, even minority, proportion sufficient? Practitioners often understand which transactions are influenced by worker remittances and which are influenced by other forms of remittances.

The issue of worker remittance thresholds may emerge if investors, remittance senders and recipients, or originators, see these transactions differently, considering their connection with migrants and their communities of origin. Numerous members of the development community have expressed worry about remittance reliance, arguing that migration might deplete resources and commitment to local infrastructure and labor possibilities. It is critical to consider if institutional tactics for capital raising based on mass emigration of employees might exacerbate concerns about migration dependency. As long as employees move and remit money, developing area banks seem to be well-positioned to harness the value of cash moving via institutional channels. Simultaneously, the broader topic of how to address the complexities of worker remittance reliance continues. These are only a few options for structuring finance to help emigrant workers and their communities.

REMITTANCES AS A RESOURCE FOR STEADY GROWTH

Financing is an area that has received little attention, yet there is a plethora of exciting new possibilities. Promoting local credit unions, issuing diaspora bonds, and securitizing remittances are just a few of the ways governments may take advantage of the huge and steady inflows of cash that come through remittances to their nations. Securitized payments are examined in this section to demonstrate that securing low-cost development financing is made easier by securitizing remittance payments. Governments may access the financial markets in times of crisis by securitizing debt. Market stabilization and liquidity enhancement are both essential for long-term economic growth and development when implemented via such methods. Additionally, strengthening local financial institutions by leveraging and formalizing remittances may contribute to increased economic development by offering new sources of funding.

As with any other type of securitization, the securitization of worker remittances is a mechanism for obtaining cash that can be used in several ways, some of which contribute to development. Investment funds dedicated to economic growth and social responsibility may be particularly interested in worker remittance-backed bonds. Distinguishing worker-remittance-based transactions and tying these transactions to lower-cost worker-remittance services, as well as investing revenues for development, may result in a separate market for debt instruments. To initiate a low-cost transfer program, the originator and sender need to agree on customer fees or expenses associated with a particular transfer.

CHAPTER X

CONCLUSION

Remittances are a byproduct of labor movement enabled by bilateral labor agreements (BLA’s), and they are one of the most obvious and positive indications of how labor mobility may benefit economies in both sending and receiving destinations. Remittances are reshaping communities and regions, and they are a symbol of underprivileged people's attempts to improve themselves. Because remittances are integrally related to labor migration, migration politics has made it difficult for political parties, politicians, and employers to encourage migration; this is due to opposition from nationalist politicians, environmentalists, the public, and labor unions. Even though most industrialized nations enacted restricted migration policies, the liberal democratic EU countries failed to implement them.

A reversal in migratory patterns began following WWII, decolonization, and fast economic expansion in Western societies. Massive migration resulted in the unanticipated settlement of non-Westerners with significant cultural distinctions. Although emigration begins with a desire to better one's living conditions, migrants to the EU are driven by factors other than poverty and despair. Other variables, such as the quality of Europe's polity and historical links (colonization), have been shown to maintain a flow of migration to the EU. Emigrants seeking stability, freedom, and order are more inclined to settle in the EU than in any other area that may offer economic stability. Migration entails significant costs and risks. In addition, it requires knowledge and social networks, and lastly, ambition, which explains the contradiction that growing wealth and education levels tend to coincide with a rise in the level of emigration.

In the Middle East and North Africa (MENA) countries, autocratic regimes and their distributive policies encouraged labor migration. The combination of a low degree of

socioeconomic development and relative deprivation in the form of global inequality of development potential was also a significant factor in the main migratory nations of the MENA countries (Egypt and Morocco).

Development seems to be accompanied by increasing mobility and migration. Yet, only in the long run, after a few decades of capital accumulation and transfer of material and knowledge, will economic convergence be accomplished, which can result in a reduction in emigration and an increase in immigration. So, in the long run, countries seem to transform from labor exporters to labor importers, as in the case of many southern European countries: Italy, Spain, Greece, Portugal, in addition to Ireland. That could be the path for many MENA countries, as in the case of Turkey and Morocco.

RESULTS IN BRIEF

There are many factors that affect the impact potential and flows of remittances to the home countries. Although migrants can send money home, the potential development of remittances depends on institutional formation at home. Social remittances and self-interest are both essential to enable and maximize the potential of remittance flows.

This dissertation examines various political and economic variables that could impact remittance flows as a dispositife for development in the context of MENA countries and the EU. A survey of the literature on remittances is covered in chapter I. Remittances are shown to be influenced by two factors: self-interest and economic as a guiding mechanism.

Hypotheses

H1: Bilateral labor agreements (BLAs) and bilateral investment treaties (BITs) are most likely to increase labor mobility and remittances to the sending countries.

H2: Remittances enhance the quality of home institutions.

H3: Securitizing remittances aggregates their economic value.

H4: There is a cointegration between remittances and GDP for home countries.

The ability to engage remittances as a source of economic growth in migrant sending countries depends on both self-interests and the economic condition at home. The inflows of remittances to the MENA countries, particularly in Egypt and Morocco, has been and remains a significant part of the economy.

Multiple regression models were employed to investigate the relationship between political and economic variables and remittances. In chapter VII, multiple panel analysis regression models ranging from fixed and random effects, in addition to the generalized method of moments (GMM), investigated the relationship between remittances and the institutional quality in the migrant sending countries. Chapter VIII investigated the causal relation between remittances and the GDP in Egypt and if cointegration exists between remittances and the GDP in Egypt. More importantly, chapter VI examined why the EU migration system is unique and how migrants' self-interests will continue to fuel this system with new waves of labor flows in the future.

IMPORTANCE OF REGRESSION RESULTS

The regression analyses showed how remittances correlate with a set of macroeconomic variables. The results of the analyses pointed to a significant positive relationship between remittances and institutions; as remittance flows increased, the quality of institutions in the sending countries also improved. Good quality institutions promote the adaptation of initiatives such as engaging remittance recipients to create microenterprises, transferring their successes to the national level. The empirical results also showed that remittances have a significant and positive marginal effect on the quality of homeland institutions, and what is even more interesting is that because remittances include an intangible value because of the embedded

social connections gained abroad, this leads to an additional value to create change in migrant sending countries. The results also showed that skilled labor and education at home is not enough to create improvement in the institutions. While this is counter intuitive to most expectations, it is widely observable in many regions. Many countries enjoy a highly skilled labor force and a high level of educational quality, yet they still suffer the burden of low-quality institutions, as in the case of South America and many Asian and Eastern European countries. It was also informing to observe that human development had an additional positive impact on the quality of institutions, but with a smaller magnitude, because human development is an ongoing process, incremental and cumulative in nature.

Bilateral labor treaties are a valuable instrument that may benefit both the sending and receiving nations. History in the MENA countries, particularly Morocco, has demonstrated two types of bilateral labor agreements: pragmatic agreements such as the Hispano-Moroccan agreement and historic agreements such as the Franco-Moroccan agreements, which explain the logical cooperation pattern between France and Morocco, whereas the Hispano-Moroccan agreement responds to labor market needs, namely in agriculture and service industries. However, since they were designed to establish larger diplomatic ties, Hispano-Moroccan BLAs are no less political or less technically difficult than their French counterparts. In the process, BLAs sparked debates and disputes over their ability to combat unauthorized migration. Because achieving a balanced approach to managing migratory flows in a comprehensive environment is challenging, the effectiveness of the BLAs proved to be reliant on the volatility of diplomatic ties, which allowed for inconsistencies and conflicts.

Nonetheless, the Franco-Moroccan and Hispano-Moroccan accords served as a single tool in a much bigger and more complicated multi-level collaboration on migratory concerns.

Bilateralism is reinventing itself at several levels; the expansion and introduction of new states, as well as non-state actors, have fostered a stronger respect for BLAs' interactions while also changing the character of BLAs. For example, the general cooperation framework between Morocco and France is becoming more dynamic, shifting from official high policy channels to individual and collective private actors who can modify BLAs by expanding and restructuring formal and informal networks, creating mobility flows, and cooperation initiatives. As a result, labor issues are increasingly being negotiated and established outside of traditional labor agreements. When new regional migration systems are added into the framework, the evaluation of BLAs reveals their visibility and attraction as an effective mechanism for large emigration nations such as Morocco.

COMPLEX RELATIONSHIP BETWEEN MIGRATION AND THE EU

The Europeanization of migration is altering the environment in which bilateral relations operate. Migration cooperation has historically existed, but labor migration is now being discussed across regional agendas, bringing together national and regional cooperation interests in a new framework such as the EU Mobility Partnership. Dialogue on visa readmissions and migration concerns is now part of the EU's negotiations with Morocco, which may cast doubt on the legality of BLAs. The Mobility Partnership appears to be gradually shifting the most important issues, such as return and readmission, and the least important issues, such as short-term stays and skilled migration, to the EU level, while other forms of labor migration will remain in the hands of individual member states.

Europe is most likely to confront migratory pressures and since there is a potential future struggle, it is conceivable that only the world's poorest people and nations would be affected. A connection between migration and development policy must be established.

Because the ability of Western nations to implement restrictive migration policies is limited, we must admit that impenetrable European migration is unattainable and is the incorrect starting point. Furthermore, as the capacity to manage migration has reduced and the need to regulate migration has risen, expanding migration restrictions are impossible to achieve without considerably curtailing civil and human rights, which is contrary to the foundations of contemporary democratic societies. What is more because migratory movement tends to pick up momentum on its own via national networks, such mobility networking can create ongoing labor and family unification, including illegal crossings across many borders. Demographics are changing and demand for laborers, skilled or unskilled, will continue. Migration is a cornerstone of the broader development process. It is unrealistic to believe that large scale labor mobility can be prevented if supply and demand for labor exist, so it is difficult to see migration being controlled in any meaningful way under the existing model.

Migration generates transfers in the form of financial and social remittances, which can potentially improve institutions in sending countries and drive economic growth. Remittances have been proven to cointegrate as part of the GDP structure. It is important to promote and move beyond the assumption that remittances are only a microeconomic process that increases consumption. Limiting remittances to a microeconomic viewpoint confines migrants' capacity to eliminate general development obstacles on their own. Thus, migration is not a complete substitute for competent administrations in countries that send migrants.

Although precise measures to unleash the development potential of labor migration are limited, governments and development organizations may play a role in enhancing the positive impact of migration on the development of sending countries. First, they may attempt to lower remittance transaction costs, which are routinely imposed by the banks and various transfer

services such as Western Union and informal middlemen. Many governments have successfully sought to attract remittances in recent years by specializing in financial policies such as the establishment of foreign bank branches, granting migrants the opportunity to open foreign currency accounts, and marketing diaspora bonds as an investment vehicle.

A new relationship between Europe and MENA nations might be a driver for change, particularly when assessing migrants of the second generation, who are more educated and prepared to take greater risks than prior generations who were unable to express their rights. If the EU fails to account for the complex multi course nature of modern migration, it could lead to a more complicated scenario. This would include a continued influx of workers accompanied by lower wages, lower quality working conditions, increasing crime and social marginalization, ensuring that repressive measures aiming to control migration by modifying the cost and benefit are most likely to fail. The latest cycle of globalization has shown failure in theory and practice by lowering obstacles to the flow of money, information, and goods while raising hurdles to labor mobility, which is unsustainable since migration is a labor component of market globalization.

A NEW APPROACH LINKING MIGRATION AND DEVELOPMENT

A fresh approach instead of using restrictive measures to limit labor migration might recognize migration as a normal byproduct of developing nations' integration into the global economy and then try to optimize possible favorable qualities while reducing negative effects. Policymakers should focus on measures to improve positive outcomes and interests in receiving societies rather than merely blocking flows from nations where economic interests, money, and trade are stable. If the new strategy is effective, it has the potential to encourage and improve agreements on shorter stays and return migration, as well as limit permanent settlements, and to

establish regulations that protect local wages and labor standards at home. Moreover, rather than attempting to halt natural migration and risking unexpected effects, supporting growth and development in sending nations should be considered. A more practical option is to portray migration as unavoidable and to take steps to improve migrants' connections to their homeland and increase their chances of returning to their country. This can be accomplished by implementing access to the EU by issuing temporary work visas that are available on a demand and supply basis, ensuring that migrants can fairly expect to travel again if their economic circumstances warrant it. Hence, reducing the incentive to remain in the country for fear of not being able to return to the host country again. Another incentive that may be triggered if a percentage of the immigrant's salary was withheld and placed in a foreign bank account, available only when the migrant returned home; this strategy has been successfully implemented in several Asian countries, including South Korea and the Philippines.

Capital market imperfections and the lack of insurance are significant drivers of migration. To overcome these circumstances, sending and receiving nations might participate in programs that include private organizations to improve the market conditions. Furthermore, the receiving country could enforce workplace inspections in sectors where there is a high level of immigration, but not to round up migrant workers but to ensure employers adhere to equal wage laws, social insurance laws, occupational safety and health requirements, tax codes, and mandate fair labor standards. Most nations could gain from these policies because they lower demand by discouraging companies from taking advantage of uninformed migrant workers and by removing economic incentives to hire from the clandestine underground economy, which could put downward pressure on wages for both natives and migrant workers.

Finally, since migration is partly motivated by a lack of capital markets and opportunity in emerging economies, binational policies that enhance markets and encourage development in sending countries are needed. This should be a fundamental component of any aggressive or progressive program. Another alternative would be to introduce Social Security programs and to establish development banks for displaced employees. It is probable that a tax on migrant workers and their employers will be imposed to offset the cost of dealing with mounting challenges.

It is even worthwhile to enable the intangible component of remittances, such as social remittances or the transmission of ideas. The outward participation of migrants alters their knowledge. Advances in communication technology have also contributed to the spread of information and the exposure of new ideas through the understanding of how to execute actionable outcomes. This understanding has also altered expectations of the traditional function of the states or political powers.

Remittances may serve as a bridge between migration and development. The research explores and concludes that remittances are more important than the assumed microeconomic function. The study found that remittances were not simply a source of GDP but also a tool for change, establishing stable institutions that may spur growth in sending nations. This dissertation's discovery is significant because it extends beyond the microeconomics application since remittances are ongoing and an increasing economic resource. This dissertation provides a unified framework for modeling the relationship between remittances and institutions, tracing its influence on migration to development. Furthermore, BLAs may activate and put labor migration in motion, offering a motivator for employees to improve their economic utility and, as a result, translating individual gain into national benefit. Because institutions suggest that political

stability and the rule of law must be the building blocks for growth, the positive association between institutions and remittances might have a direct impact on development. Failure to minimize remittance costs and lack of access to long-term, high-demand labor markets in the EU prevent poor nations from receiving the advantages of remittances.

This study's findings imply that enhancing financial intermediation, connecting with the diaspora, and coordination among sending and receiving nations might cut the cost of remittances, thereby linking migration to development. Under normal circumstances, migrant remittances should not be taxed. Both sending and receiving nations should establish channels for official transfers and accept remittances as a financial tool that might boost investments.

REMITTANCES CAN AFFECT DOMESTIC INSTITUTIONS

Individuals have fewer incentives to speak out and act when they have a choice to leave home, yet they do express their opinions and demand change when they are abroad. The instrument they use to alter the conditions at home is remittances, which can persuade officials to ease the constraints and introduce initiatives that engage the diaspora abroad and keep the flow of remittances. Remittance bridge development to ongoing improvement of the human capital at home to suggest that the sending nations will not suffer brain drain if they agree to create excellent institutions.

The results also showed that there is a positive association between remittances and Gross Domestic Product (GDP). In Egypt, the GDP was cointegrated with the flows of remittances. The cointegration model showed that 69 percent of the adjustment took place in the first year after a shock. This finding adds evidence to the debate that remittance inflows are not only a micro-level phenomenon that only impacts the lives of the recipients. Many countries may benefit significantly if they successfully encourage migrants to transfer and channel the

remittances into investments in the local economy. If remittances are to become a dispositife to transfer resources to developing countries, it would require more liberal but structured migration policies with intense cooperation between sending and receiving countries.

MOVING FORWARD

Although remittances have been shown to be a robust mechanism, the hopeful use of remittances must be weighed against the rising reliance of labor-exporting countries. Given the variation in remittances, it might be dangerous to fully build plans based on them. A decisive policy should offer stable and comprehensive incentives regarding the utilization of interest and currency rates to stimulate all types of capital flows, including remittances, so they transform these resources into productive capital investment.

Establishing a high-interest account for foreign currency deposits is an excellent incentive to attract remittances and foreign exchange accounts. Such accounts may boost necessary foreign reserves and enable central banks to borrow extra funds from the local banking system. In addition, the central bank can purchase these assets when sellers are converting domestic currency. Any genuine effort to raise remittances must also require an extension of the official banking system or partnerships with foreign banks where the diaspora resides to establish a network abroad that connects overseas workers with remittance-receiving institutions at home.

Moreover, to prevent inefficient use of remittances, investment instruments must be made appealing to emigrants; the actual rate of return on these assets must be competitive with the real rate of return on similar assets overseas. Since the burden of inflation in sending countries and the instability of the foreign exchange market can reduce the attractiveness of assets offered by the financial sector, shifting savings from financial to real assets may also encourage migrant

workers to store their savings abroad or make transfers through the black market for a more favorable foreign exchange.

Countries that export labor must avoid any effort to adopt obligatory legislation that would impose additional costs on remittances since doing so would induce remittances to migrate to informal black-market channels. Countries that export labor have little option but to provide incentives to promote the influx of remittances. In nations with a black market, governments must modify the competitive exchange rate backed by incentive interest rates. What is more crucial is that policies aimed at attracting remittances must be comprehensively linked with other economic policies; otherwise, they can only attract an insignificant fraction of migrants' remittances.

As remittances return home and contribute to family survival and economic growth, it is important to note that the demand may place a tremendous burden on those who send them. Family and familial ties, although offering network support, are also a possible source of endless duties. Since sending money home may be a significant drain on those who have worked in Europe, diaspora sentiments toward the family back home may be ambivalent. Such expectations may impede the diaspora's social mobility in the host nation and make it very difficult to accumulate funds for a return or bigger investments back home. Development agencies should ensure that their enhanced emphasis on diasporas and remittances as a source of development does not create a further strain on an already disadvantaged community.

DIASPORA ENGAGEMENT AND REMITTANCES MOBILIZATION

The MENA region has benefited tremendously from labor migration. The Moroccan case study illustrated a high level of success in how a country's political system can mobilize diaspora and its economic resources; the King Mohammed V and King Hassan II foundations allowed for

high levels of engagement, which resulted in the full success in mobilizing remittances by implementing the following:

- Involve local and civil societies in both source and destination countries in the conception, execution, and maintenance of local development objectives to organize and ensure a constant flow of remittances.
- Empower local governments to be actively involved in planning development programs that are relevant to the community.
- Full engagement with rural urban mobility since many urban residents are immigrants from rural areas. The improvement of the internal migration system could organize the transfer of knowledge and skills.
- Engage and enhance the formation and participation of hometown associations (HTAs) between the diaspora and sending regions by enabling social remittances, which in many cases are not utilized to their full potential as a development tool.
- Engagement in discourse between civil society and organizations abroad should work together to select the most needed investments that can help the local community.

Until such civil society programs are in place, a microfinance agenda could substitute in the short-to-medium term, which could transfer investment to the much-needed environment. However, it has been proven difficult to convert migrants into successful businesspeople. It could be easier to introduce financial intermediaries to capture remittances as deposits and channel them into small and micro businesses as opposed to focusing on migrant investment projects.

Reaching out to the diaspora is a cornerstone of the process of development in sending countries. Finally, building and enhancing trust between governments and migrants cannot be

undermined. Governments must give compelling reasons to build such trust. This could be achieved by:

- Allowing for dual citizenship and other privileges in the home country.
- Securing political participation for the diaspora in the national and local government.

LEVERAGING REMITTANCES AT THE MACRO LEVEL

The migration economy conceals a significant proportion of unrecorded remittance transfers that pass undetected. Migrants are attracted to the use of such channels because they feel they provide the greatest bargain for beneficiaries. To attain a consistent flow of remittances, the approach must include cost efficiencies and lower expenses, including favorable exchange rates.

While remittances influence domestic economies, the lack of data on unofficial transfers makes proper analysis difficult and emphasizes the need for improved data collection. The value of inbound and outbound remittance flows is defined by the permanent and temporary migration patterns and their change over time. Remittances are also influenced by pertinent laws and institutions in the home country, which may directly impact the purchasing power of remittances in the local currency.

There are several possible economic implications of remittances, depending on the combination of coincidental elements arising from local situations and local regulations in recipient nations. There is no question that remittances significantly improve the quality of life of receiving families and returning members. In addition, remittances offer macroeconomic advantages for the home nation of the migrant. However, governments are not always able to create strategies for directing remittances to production and are unable to cope with sudden declines in remittances to minimize negative economic consequences.

The governments of remittances receiving countries, donor nations, and international organizations can engage to develop the technical means to channel productive use of remittances and migrants' savings at the national and household levels. The benefits of remittances to developing nations' economies will be achieved if instruments such as diaspora bonds and securitization of remittance flows are implemented, in addition to efforts to connect remittances and sovereign credit ratings.

FUTURE RESEARCH QUESTIONS

While this dissertation studies the link between the institutional setting and its impact on fostering the optimal environment for growth, it also examines how migration and border policy may eliminate or enhance the limits on migrants' remittance capacity. Development intervention and microfinance continue to be untapped categories in the context of the labor movement and its possible impact on the home nation. Future studies in the fields of financial intervention and microfinance should center on some of the following questions: Whose interests are the targets of future interventions? Should it strive for the general development of countries and regions in aggregate, or should it be more focused on smaller rural areas, and disadvantaged groups? Should intervention tolerate trade-offs such as inequality and the overdistribution of wealth? What form of development is the objective of intervention? Is the driving force focused on economic value added or does it also take into consideration other special advantages aimed at certain parts of the population? How are the interventions' designs and implementations determined? How does it account for the interests of grassroot groups inside the institutional framework?

Ultimately, minimizing transaction costs for remittances should be the primary objective of all policymakers. Migrants are rational individuals, and any rise in transaction costs would

lead to informal channels. This study's results suggest that interacting with the diaspora and linking them to formal banking institutions would enable developing countries to maximize the economic potential of remittances.

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APPENDIX

```
. logit EU_host colony distw pop_source ur_nat_source dyad_realgdp_diff polity2_host bitspast religion_alesina_source language_alesina_source

Iteration 0:   log likelihood = -86554.821
Iteration 1:   log likelihood = -64330.549
Iteration 2:   log likelihood = -55572.478
Iteration 3:   log likelihood = -51102.855
Iteration 4:   log likelihood = -50453.295
Iteration 5:   log likelihood = -50450.396
Iteration 6:   log likelihood = -50450.396

Logistic regression                     Number of obs =  158,397
                                        LR chi2(9)    = 72208.85
                                        Prob > chi2   =   0.0000
Log likelihood = -50450.396             Pseudo R2     =   0.4171
```

EU_host	Coefficient	Std. err.	z	P>|z|	[95% conf.	interval]
colony	.9813352	.052603	18.66	0.000	.8782353	1.084435
distw	-.0001354	1.83e-06	-74.13	0.000	-.000139	-.0001318
pop_source	.0001808	.0000453	4.00	0.000	.0000921	.0002695
ur_nat_source	-.012922	.0012168	-10.62	0.000	-.0153069	-.010537
dyad_realgdp_diff	-1.44e-07	4.04e-09	-35.73	0.000	-1.52e-07	-1.36e-07
polity2_host	1.147944	.0106173	108.12	0.000	1.127134	1.168753
bitspast	.9311235	.0185615	50.16	0.000	.8947436	.9675034
religion_alesina_source	.5224285	.0359661	14.53	0.000	.4519363	.5929207
language_alesina_source	.0768216	.0296045	2.59	0.009	.0187978	.1348454
_cons	-10.59333	.1047342	-101.14	0.000	-10.7986	-10.38805

Note: 29805 failures and 0 successes completely determined.

.

Iteration 0: log likelihood = -86554.821
Iteration 1: log likelihood = -61195.786
Iteration 2: log likelihood = -54469.937
Iteration 3: log likelihood = -50604.829
Iteration 4: log likelihood = -50330.964
Iteration 5: log likelihood = -50329.422
Iteration 6: log likelihood = -50329.422

Extended probit regression Number of obs = 158,397
Wald chi2(9) = 21606.47
Log likelihood = -50329.422 Prob > chi2 = 0.0000

EU_host	Coefficient	Std. err.	z	P>|z|	[95% conf.	interval]
colony	.586336	.0310083	18.91	0.000	.5255608	.6471111
distw	-.000081	1.08e-06	-75.15	0.000	-.0000831	-.0000789
pop_source	.0001216	.0000266	4.56	0.000	.0000694	.0001738
ur_nat_source	-.0078082	.0007241	-10.78	0.000	-.0092274	-.0063891
dyad_realgdp_diff	-8.77e-08	2.42e-09	-36.18	0.000	-9.25e-08	-8.30e-08
polity2_host	.6570315	.0057967	113.34	0.000	.6456701	.6683929
bitspast	.5456817	.0109017	50.05	0.000	.5243148	.5670486
religion_alesina_source	.3198059	.0214212	14.93	0.000	.2778211	.3617907
language_alesina_source	.0385164	.0176251	2.19	0.029	.0039717	.073061
_cons	-6.045369	.0572419	-105.61	0.000	-6.157561	-5.933177

Expression: **Pr(EU_host), predict()**

dy/dx wrt: **colony distw pop_source ur_nat_source dyad_realgdp_diff polity2_host bitspast religion_alesina_source language_alesina_source**

	Delta-method					
	dy/dx	std. err.	z	P>|z|	[95% conf.	interval]
colony	**.1050023**	**.0055928**	**18.77**	**0.000**	**.0940407**	**.1159639**
distw	**-.0000145**	**1.73e-07**	**-83.64**	**0.000**	**-.0000148**	**-.0000141**
pop_source	**.0000193**	**4.84e-06**	**4.00**	**0.000**	**9.86e-06**	**.0000288**
ur_nat_source	**-.0013826**	**.0001299**	**-10.64**	**0.000**	**-.0016373**	**-.001128**
dyad_realgdp_diff	**-1.55e-08**	**4.22e-10**	**-36.61**	**0.000**	**-1.63e-08**	**-1.46e-08**
polity2_host	**.1228293**	**.000913**	**134.53**	**0.000**	**.1210398**	**.1246188**
bitspast	**.0996297**	**.0018897**	**52.72**	**0.000**	**.0959259**	**.1033335**
religion_alesina_source	**.0558995**	**.0038328**	**14.58**	**0.000**	**.0483874**	**.0634117**
language_alesina_source	**.0082199**	**.0031672**	**2.60**	**0.009**	**.0020123**	**.0144274**

Expression: **Pr(EU_host), predict()**

dy/dx wrt: **colony distw pop_source ur_nat_source dyad_realgdp_diff polity2_host bitspast religion_alesina_source language_alesina_source**

	Delta-method					
	dy/dx	std. err.	z	P>|z|	[95% conf.	interval]
colony	.1050023	.0055928	18.77	0.000	.0940407	.1159639
distw	-.0000145	1.73e-07	-83.64	0.000	-.0000148	-.0000141
pop_source	.0000193	4.84e-06	4.00	0.000	9.86e-06	.0000288
ur_nat_source	-.0013826	.0001299	-10.64	0.000	-.0016373	-.001128
dyad_realgdp_diff	-1.55e-08	4.22e-10	-36.61	0.000	-1.63e-08	-1.46e-08
polity2_host	.1228293	.000913	134.53	0.000	.1210398	.1246188
bitspast	.0996297	.0018897	52.72	0.000	.0959259	.1033335
religion_alesina_source	.0558995	.0038328	14.58	0.000	.0483874	.0634117
language_alesina_source	.0082199	.0031672	2.60	0.009	.0020123	.0144274

```
Goodness-of-fit test after logistic model
Variable: EU_host

      Number of observations =   158,397
Number of covariate patterns =   158,397
         Pearson chi2(158387) =  92340.05
                  Prob > chi2 =    1.0000
```

```
. probit EU_host colony distw pop_source ur_nat_source dyad_realgdp_diff polity2_host bitspast religion_alesina_source language_alesina_source

Iteration 0:   log likelihood = -86554.821
Iteration 1:   log likelihood = -61195.786
Iteration 2:   log likelihood = -54469.937
Iteration 3:   log likelihood = -50604.829
Iteration 4:   log likelihood = -50330.964
Iteration 5:   log likelihood = -50329.422
Iteration 6:   log likelihood = -50329.422

Probit regression                          Number of obs =  158,397
                                           LR chi2(9)    = 72450.80
                                           Prob > chi2   =   0.0000
Log likelihood = -50329.422                Pseudo R2     =   0.4185
```

EU_host	Coefficient	Std. err.	z	P>|z|	[95% conf.	interval]
colony	.586336	.0310083	18.91	0.000	.5255608	.6471111
distw	-.000081	1.08e-06	-75.15	0.000	-.0000831	-.0000789
pop_source	.0001216	.0000266	4.56	0.000	.0000694	.0001738
ur_nat_source	-.0078082	.0007241	-10.78	0.000	-.0092274	-.0063891
dyad_realgdp_diff	-8.77e-08	2.42e-09	-36.18	0.000	-9.25e-08	-8.30e-08
polity2_host	.6570315	.0057967	113.34	0.000	.6456701	.6683929
bitspast	.5456817	.0109017	50.05	0.000	.5243148	.5670486
religion_alesina_source	.3198059	.0214212	14.93	0.000	.2778211	.3617907
language_alesina_source	.0385164	.0176251	2.19	0.029	.0039717	.073061
_cons	-6.045369	.0572419	-105.61	0.000	-6.157561	-5.933177

Gulf States

Inflow

```
Iteration 0:   log likelihood = -48456.402
Iteration 1:   log likelihood = -25782.862
Iteration 2:   log likelihood = -21417.399
Iteration 3:   log likelihood = -20152.859
Iteration 4:   log likelihood = -19907.082
Iteration 5:   log likelihood =  -19905.51
Iteration 6:   log likelihood =  -19905.51

Probit regression                               Number of obs =  158,397
                                                LR chi2(9)    = 57101.78
                                                Prob > chi2   =   0.0000
Log likelihood = -19905.51                      Pseudo R2     =   0.5892
```

gulf_host	Coefficient	Std. err.	z	P>|z|	[95% conf.	interval]
colony	.0836635	.0960666	0.87	0.384	-.1046235	.2719505
distw	-.0000306	1.81e-06	-16.94	0.000	-.0000341	-.000027
pop_source	-.0010416	.0000446	-23.36	0.000	-.001129	-.0009542
ur_nat_source	.0043979	.0011216	3.92	0.000	.0021996	.0065963
dyad_realgdp_diff	7.50e-08	6.19e-09	12.13	0.000	6.29e-08	8.72e-08
polity2_host	-.3377169	.0033989	-99.36	0.000	-.3443786	-.3310552
bitspast	.0129033	.0248516	0.52	0.604	-.0358049	.0616114
religion_alesina_source	.5533951	.0327493	16.90	0.000	.4892077	.6175825
language_alesina_source	-.5133889	.026902	-19.08	0.000	-.5661159	-.460662
_cons	-2.656141	.035605	-74.60	0.000	-2.725925	-2.586356

Note: 46602 failures and 0 successes completely determined.

.

Specificity and

Classification

Classified	True D	True ~D	Total
+	22268	11746	34014
-	15116	109267	124383
Total	37384	121013	158397

Classified + if predicted Pr(D) >= .5

True D defined as EU_host != 0

Sensitivity	Pr(+| D)	59.57%
Specificity	Pr(-|~D)	90.29%
Positive predictive value	Pr(D| +)	65.47%
Negative predictive value	Pr(~D| -)	87.85%
False + rate for true ~D	Pr(+|~D)	9.71%
False - rate for true D	Pr(-| D)	40.43%
False + rate for classified +	Pr(~D| +)	34.53%
False - rate for classified -	Pr(D| -)	12.15%
Correctly classified		83.04%

```
. estat classification

Logistic model for gulf_host

              -------- True --------
Classified |         D            ~D  |      Total
-----------+--------------------------+-----------
     +     |      8923          4044  |      12967
     -     |      5565        139865  |     145430
-----------+--------------------------+-----------
   Total   |     14488        143909  |     158397

Classified + if predicted Pr(D) >= .5
True D defined as gulf_host != 0
--------------------------------------------------
Sensitivity                     Pr( +| D)   61.59%
Specificity                     Pr( -|~D)   97.19%
Positive predictive value       Pr( D| +)   68.81%
Negative predictive value       Pr(~D| -)   96.17%
--------------------------------------------------
False + rate for true ~D        Pr( +|~D)    2.81%
False - rate for true D         Pr( -| D)   38.41%
False + rate for classified +   Pr(~D| +)   31.19%
False - rate for classified -   Pr( D| -)    3.83%
--------------------------------------------------
Correctly classified                        93.93%
--------------------------------------------------
```

Gulf Host Odds Ratio

Logistic regression		Number of obs =	158,397
		LR chi2(9) =	58825.59
		Prob > chi2 =	0.0000
Log likelihood = -19043.608		Pseudo R2 =	0.6070

gulf_host	Odds ratio	Std. err.	z	P>|z|	[95% conf.	interval]
colony	1.120304	.1828281	0.70	0.486	.8136243	1.54258
distw	.999952	3.17e-06	-15.13	0.000	.9999458	.9999583
pop_source	.9981378	.0000806	-23.08	0.000	.9979799	.9982958
ur_nat_source	1.008909	.0019938	4.49	0.000	1.005009	1.012824
dyad_realgdp_diff	1	1.08e-08	10.65	0.000	1	1
polity2_host	.4767161	.0039599	-89.19	0.000	.4690178	.4845408
bitspast	1.22556	.0530187	4.70	0.000	1.125928	1.334007
religion_alesina_source	2.739392	.1576338	17.51	0.000	2.447221	3.066444
language_alesina_source	.3891776	.0185033	-19.85	0.000	.3545502	.4271869
_cons	.0027391	.0002155	-74.99	0.000	.0023476	.0031958

Note: **_cons** estimates baseline odds.

.

.

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EU Host Odds Ratio

. logistic EU_host colony distw pop_source ur_nat_source dyad_realgdp_diff polity2_host bitspast religion_alesina_source language_alesina_source

Logistic regression — Number of obs = 158,397

LR chi2(9) = 72208.85

Prob > chi2 = 0.0000

Log likelihood = -50450.396 — Pseudo R2 = 0.4171

EU_host	Odds ratio	Std. err.	z	P>|z|	[95% conf.	interval]
colony	2.668016	.1403456	18.66	0.000	2.406649	2.957769
distw	.9998646	1.83e-06	-74.13	0.000	.999861	.9998682
pop_source	1.000181	.0000453	4.00	0.000	1.000092	1.00027
ur_nat_source	.9871611	.0012012	-10.62	0.000	.9848096	.9895183
dyad_realgdp_diff	.9999999	4.04e-09	-35.73	0.000	.9999998	.9999999
polity2_host	3.151706	.0334627	108.12	0.000	3.086798	3.217978
bitspast	2.537358	.0470972	50.16	0.000	2.446708	2.631367
religion_alesina_source	1.686117	.060643	14.53	0.000	1.571352	1.809265
language_alesina_source	1.079849	.0319684	2.59	0.009	1.018976	1.14436
_cons	.0000251	2.63e-06	-101.14	0.000	.0000204	.0000308

PR as an Institution

OLS Regression

Source	SS	df	MS			
				Number of obs	=	720
				F(4, 715)	=	61.51
Model	780.029402	4	195.00735	Prob > F	=	0.0000
Residual	2266.8581	715	3.17043091	R-squared	=	0.2560
				Adj R-squared	=	0.2518
Total	3046.8875	719	4.23767385	Root MSE	=	1.7806

PR	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
Remittances	9.79e-11	3.71e-11	2.64	0.008	2.51e-11	1.71e-10
lgdp	.0410612	.0478375	0.86	0.391	-.0528576	.1349801
skilledlaborpercentage	-.0091691	.0031478	-2.91	0.004	-.0153492	-.002989
HDRank	.0146544	.0016993	8.62	0.000	.0113183	.0179905
_cons	2.011723	.5168654	3.89	0.000	.9969675	3.026478

Random Effect Model GLS

Random-effects GLS regression		Number of obs =	720
Group variable: **contryid**		Number of groups =	177
R-squared:		Obs per group:	
Within = **0.2070**		min =	1
Between = **0.2747**		avg =	4.1
Overall = **0.2542**		max =	5
		Wald chi2(3) =	.
corr(u_i, X) = **0** (assumed)		Prob > chi2 =	.

PR	Coefficient	Std. err.	z	P>|z|	[95% conf.	interval]
Remittances	1.41e-10	4.09e-11	3.45	0.001	6.09e-11	2.21e-10
lgdp	.0188942	.0332824	0.57	0.570	-.0463382	.0841265
skilledlaborpercentage	-.0091741	.0029001	-3.16	0.002	-.0148583	-.0034899
HDRank	.0140495	.0016535	8.50	0.000	.0108086	.0172903
_cons	2.267624	.4278267	5.30	0.000	1.429099	3.106149
sigma_u	1.4694558					
sigma_e	1.056681					
rho	.65915222	(fraction of variance due to u_i)				

Population Average Model

GEE

```
Iteration 1: tolerance = .0843233
Iteration 2: tolerance = .00004863
Iteration 3: tolerance = 1.794e-07

GEE population-averaged model              Number of obs    = 720
Group variable: contryid                   Number of groups = 177
Family: Gaussian                           Obs per group:
Link:   Identity                                      min =   1
Correlation: exchangeable                             avg = 4.1
                                                      max =   5
                                           Wald chi2(3)     =   .
Scale parameter = 3.155629                 Prob > chi2      =   .
```

PR	Coefficient	Std. err.	z	P>|z|	[95% conf.	interval]
Remittances	1.39e-10	4.15e-11	3.34	0.001	5.72e-11	2.20e-10
lgdp	.0189315	.0343562	0.55	0.582	-.0484054	.0862684
skilledlaborpercentage	-.0092059	.0029642	-3.11	0.002	-.0150157	-.0033961
HDRank	.0140833	.0016843	8.36	0.000	.0107821	.0173845
_cons	2.265841	.4370785	5.18	0.000	1.409182	3.122499

Between Regression on Group Means

```
Between regression (regression on group means)  Number of obs     =       720
Group variable: contryid                        Number of groups  =       177

R-squared:                                      Obs per group:
     Within  = 0.1974                                         min =         1
     Between = 0.2786                                         avg =       4.1
     Overall = 0.2525                                         max =         5

                                                F(4,172)          =     16.60
sd(u_i + avg(e_i.)) = 1.588752                  Prob > F          =    0.0000
```

PR	Coefficient	Std. err.	t	P>|t|	[95% conf. interval]	
Remittances	8.06e-11	8.34e-11	0.97	0.335	-8.40e-11	2.45e-10
lgdp	-.0433664	.1340075	-0.32	0.747	-.3078773	.2211446
skilledlaborpercentage	-.010338	.006544	-1.58	0.116	-.023255	.0025789
HDRank	.0151691	.0034493	4.40	0.000	.0083607	.0219775
_cons	2.769746	1.291827	2.14	0.033	.2198711	5.319621

Fixed Effect Model

Fixed-effects (within) regression		Number of obs =	720
Group variable: contryid		Number of groups =	177
R-squared:		Obs per group:	
Within = 0.2073		min =	1
Between = 0.2722		avg =	4.1
Overall = 0.2522		max =	5
		F(4,539) =	35.25
corr(u_i, Xb) = 0.0163		Prob > F =	0.0000

PR	Coefficient	Std. err.	t	P>|t|	[95% conf. interval]	
Remittances	1.61e-10	4.75e-11	3.39	0.001	6.78e-11	2.54e-10
lgdp	.0197955	.0344185	0.58	0.565	-.0478153	.0874063
skilledlaborpercentage	-.0088697	.0032356	-2.74	0.006	-.0152257	-.0025138
HDRank	.0136926	.001905	7.19	0.000	.0099505	.0174347
_cons	2.263127	.4491257	5.04	0.000	1.380876	3.145378
sigma_u	1.5785118					
sigma_e	1.056681					
rho	.69055159	(fraction of variance due to u_i)				

F test that all u_i=0: F(176, 539) = 8.47 Prob > F = 0.0000

Difference Model

Source	SS	df	MS			
				Number of obs	=	583
				F(4, 579)	=	3.74
Model	35.8351805	4	8.95879513	Prob > F	=	0.0052
Residual	1388.16482	579	2.39752128	R-squared	=	0.0252
				Adj R-squared	=	0.0184
Total	1424	583	2.44253859	Root MSE	=	1.5484

D.PR	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
Remittances	2.94e-11	3.22e-11	0.91	0.362	-3.39e-11	9.27e-11
lgdp	-.0045611	.028255	-0.16	0.872	-.0600559	.0509337
skilledlaborpercentage	-.0038513	.0025674	-1.50	0.134	-.0088938	.0011913
HDRank	.002626	.0014419	1.82	0.069	-.000206	.005458

Random Effect Model

```
Random-effects GLS regression              Number of obs     =        720
Group variable: contryid                   Number of groups  =        177

R-squared:                                 Obs per group:
     Within  = 0.2070                                    min =          1
     Between = 0.2747                                    avg =        4.1
     Overall = 0.2542                                    max =          5

                                           Wald chi2(3)      =          .
corr(u_i, X) = 0 (assumed)                 Prob > chi2       =          .

------------- theta -------------
  min      5%    median     95%     max
0.4162  0.4162   0.6939   0.6939  0.6939
```

PR	Coefficient	Std. err.	z	P>|z|	[95% conf.	interval]
Remittances	1.41e-10	4.09e-11	3.45	0.001	6.09e-11	2.21e-10
lgdp	.0188942	.0332824	0.57	0.570	-.0463382	.0841265
skilledlaborpercentage	-.0091741	.0029001	-3.16	0.002	-.0148583	-.0034899
HDRank	.0140495	.0016535	8.50	0.000	.0108086	.0172903
_cons	2.267624	.4278267	5.30	0.000	1.429099	3.106149
sigma_u	1.4694558					
sigma_e	1.056681					
rho	.65915222	(fraction of variance due to u_i)				

Hausman Fixed vs. Random Effect Model

```
. hausman fixed random
```

	---- Coefficients ---- (b) fixed	(B) random	(b-B) Difference	sqrt(diag(V_b-V_B)) Std. err.
lgdp	.0168656	.0188942	-.0020285	.
skilledlab~e	-.0086634	-.0091741	.0005106	.0006423
HDRank	.017046	.0140495	.0029965	.000727

b = Consistent under H0 and Ha; obtained from **xtreg.**

B = Inconsistent under Ha, efficient under H0; obtained from **xtreg.**

Test of H0: Difference in coefficients not systematic

Breusch and Pagan Multiplier

Test

```
Breusch and Pagan Lagrangian multiplier test for random effects

        PR[contryid,t] = Xb + u[contryid] + e[contryid,t]

        Estimated results:
                     |       Var     SD = sqrt(Var)
             --------+-----------------------------
                  PR |   4.237674       2.058561
                   e |   1.116575       1.056681
                   u |     2.1593       1.469456

        Test: Var(u) = 0
                             chibar2(01) =   485.18
                          Prob > chibar2 =   0.0000
```

VARIABLES	(OLS) PR	(Random effect GLS) PR
Remittances	9.79e-11***	1.41e-10***
	(0)	(0)
Log GDP per capita	0.0411	0.0189
	(0.0478)	(0.0333)
Skilled labor percentage	-0.00917***	-0.00917***
	(0.00315)	(0.00290)
HD Rank	0.0147***	0.0140***
	(0.00170)	(0.00165)
Constant	2.012***	2.268***
	(0.517)	(0.428)
Observations	720	720
R-squared	0.256	
Number of Country id		177

Civil Liberty as an Institution

OLS Regression Results

Source	SS	df	MS			
				Number of obs	=	720
				F(4, 715)	=	81.71
Model	722.57856	4	180.64464	Prob > F	=	0.0000
Residual	1580.75338	715	2.21084389	R-squared	=	0.3137
				Adj R-squared	=	0.3099
Total	2303.33194	719	3.20352148	Root MSE	=	1.4869

CL	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
Remittances	8.26e-11	3.10e-11	2.67	0.008	2.18e-11	1.43e-10
lgdp	.0009124	.0399474	0.02	0.982	-.0775159	.0793406
skilledlaborpercentage	-.0094751	.0026286	-3.60	0.000	-.0146359	-.0043143
HDRank	.0139922	.001419	9.86	0.000	.0112063	.0167781
_cons	2.397066	.4316158	5.55	0.000	1.549681	3.244452

Population Average Model

```
Iteration 1: tolerance = .00650594
Iteration 2: tolerance = .00006867
Iteration 3: tolerance = 3.565e-07

GEE population-averaged model              Number of obs    = 720
Group variable: contryid                   Number of groups = 177
Family: Gaussian                           Obs per group:
Link:   Identity                                      min =   1
Correlation: exchangeable                             avg = 4.1
                                                      max =   5
                                           Wald chi2(3)     =   .
Scale parameter = 2.202666                 Prob > chi2      =   .
```

CL	Coefficient	Std. err.	z	P>|z|	[95% conf.	interval]
Remittances	1.02e-10	3.49e-11	2.91	0.004	3.32e-11	1.70e-10
lgdp	.0023913	.029009	0.08	0.934	-.0544653	.0592478
skilledlaborpercentage	-.007864	.0024969	-3.15	0.002	-.0127579	-.0029701
HDRank	.0133804	.0014177	9.44	0.000	.0106018	.0161591
_cons	2.374732	.3681925	6.45	0.000	1.653088	3.096376

Between Regression on the Group Means

Between regression (regression on group means)	Number of obs	=	720
Group variable: contryid	Number of groups	=	177
R-squared:	Obs per group:		
Within = 0.2058	min	=	1
Between = 0.3505	avg	=	4.1
Overall = 0.3075	max	=	5
	F(4,172)	=	23.20
sd(u_i + avg(e_i.)) = 1.325684	Prob > F	=	0.0000

CL	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
Remittances	7.23e-11	6.96e-11	1.04	0.301	-6.51e-11	2.10e-10
lgdp	-.1046946	.1118183	-0.94	0.350	-.3254074	.1160182
skilledlaborpercentage	-.0095949	.0054605	-1.76	0.081	-.020373	.0011832
HDRank	.0154155	.0028781	5.36	0.000	.0097345	.0210966
_cons	3.210748	1.077924	2.98	0.003	1.083085	5.33841

Fixed Effect Model

Fixed-effects (within) regression		Number of obs =	720
Group variable: contryid		Number of groups =	177
R-squared:		Obs per group:	
Within = 0.2230		min =	1
Between = 0.3434		avg =	4.1
Overall = 0.3114		max =	5
		F(4,539) =	38.66
corr(u_i, Xb) = 0.0884		Prob > F =	0.0000

CL	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
Remittances	1.12e-10	3.99e-11	2.81	0.005	3.38e-11	1.91e-10
lgdp	.0069949	.0289213	0.24	0.809	-.0498173	.0638071
skilledlaborpercentage	-.0071126	.0027188	-2.62	0.009	-.0124534	-.0017718
HDRank	.0126413	.0016007	7.90	0.000	.0094968	.0157857
_cons	2.342705	.3773929	6.21	0.000	1.601364	3.084046
sigma_u	1.3264727					
sigma_e	.88791158					
rho	.69057586	(fraction of variance due to u_i)				

F test that all u_i=0: F(176, 539) = 8.33 Prob > F = 0.0000

Difference Output

Source	SS	df	MS			
				Number of obs	=	583
				F(4, 579)	=	3.52
Model	24.3555762	4	6.08889405	Prob > F	=	0.0075
Residual	1001.64442	579	1.72995583	R-squared	=	0.0237
				Adj R-squared	=	0.0170
Total	1026	583	1.75986278	Root MSE	=	1.3153

D.CL	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
Remittances	2.44e-11	2.74e-11	0.89	0.374	-2.94e-11	7.81e-11
lgdp	-.0045454	.0240011	-0.19	0.850	-.0516853	.0425944
skilledlaborpercentage	-.0029934	.0021809	-1.37	0.170	-.0072768	.00129
HDRank	.0022455	.0012248	1.83	0.067	-.0001601	.0046511

Random Effect GLS Regression

```
Random-effects GLS regression          Number of obs     =        720
Group variable: contryid               Number of groups  =        177

R-squared:                             Obs per group:
     Within  = 0.2227                               min =          1
     Between = 0.3453                               avg =        4.1
     Overall = 0.3127                               max =          5

                                       Wald chi2(3)      =          .
corr(u_i, X) = 0 (assumed)             Prob > chi2       =          .

------------- theta -------------
  min      5%     median     95%     max
0.4130  0.4130   0.6916   0.6916  0.6916
```

CL	Coefficient	Std. err.	z	P>|z|	[95% conf. interval]	
Remittances	1.03e-10	3.43e-11	3.00	0.003	3.56e-11	1.70e-10
lgdp	.0029507	.0279824	0.11	0.916	-.0518938	.0577953
skilledlaborpercentage	-.0077673	.002436	-3.19	0.001	-.0125418	-.0029928
HDRank	.0133147	.0013884	9.59	0.000	.0105935	.016036
_cons	2.371672	.3593241	6.60	0.000	1.66741	3.075935
sigma_u	1.2246788					
sigma_e	.88791158					
rho	.65545918	(fraction of variance due to u_i)				

Hausman Fixed Effect vs. Random Effect Test

```
. hausman fixed random

                 ---- Coefficients ----
             |      (b)          (B)            (b-B)     sqrt(diag(V_b-V_B))
             |     fixed        random       Difference       Std. err.
-------------+----------------------------------------------------------------
        lgdp |    .0034718     .0029507         .000521               .
skilledlab~e |   -.0057315    -.0077673        .0020358        .0003045
      HDRank |    .0150754     .0133147        .0017607        .0005485
------------------------------------------------------------------------------
                          b = Consistent under H0 and Ha; obtained from xtreg.
           B = Inconsistent under Ha, efficient under H0; obtained from xtreg.

Test of H0: Difference in coefficients not systematic
```

Breusch and Pagan Multiplier Test for Random

Effect

```
Breusch and Pagan Lagrangian multiplier test for random effects

        CL[contryid,t] = Xb + u[contryid] + e[contryid,t]

        Estimated results:
                         |       Var     SD = sqrt(Var)
                ---------+-----------------------------
                      CL |   3.203521       1.789838
                       e |    .788387       .8879116
                       u |   1.499838       1.224679

        Test:   Var(u) = 0
                             chibar2(01) =   471.35
                          Prob > chibar2 =   0.0000
```

Correlation Matrix

	PR	Remitt~s	lgdp	skille~e	HDRank
PR	1.0000				
Remittances	0.0868	1.0000			
lgdp	0.0137	0.0302	1.0000		
skilledlab~e	-0.4275	-0.0036	-0.0823	1.0000	
HDRank	0.4847	0.0270	0.0617	-0.6992	1.0000

Correlation Matrix

	PR	Remitt~s	lgdp	skille~e	HDRank
PR	1.0000				
Remittances	0.0868*	1.0000			
	0.0115				
lgdp	0.0137	0.0302	1.0000		
	0.6741	0.3824			
skilledlab~e	-0.4275*	-0.0036	-0.0823*	1.0000	
	0.0000	0.9225	0.0196		
HDRank	0.4847*	0.0270	0.0617	-0.6992*	1.0000
	0.0000	0.4475	0.0688	0.0000	

```
. reg3 (PR = Remittances lgdp skilledlaborpercentage HDRank), exog(Globlized)
```

Three-stage least-squares regression

Equation	Obs	Params	RMSE	"R-squared"	chi2	P>chi2
PR	636	3	1.775007	0.2575	215.76	0.0000

PR	Coefficient	Std. err.	z	P>|z|	[95% conf. interval]	
PR						
Remittances	8.78e-11	4.82e-11	1.82	0.069	-6.73e-12	1.82e-10
lgdp	.0400048	.0503485	0.79	0.427	-.0586764	.138686
skilledlaborpercentage	-.0092505	.0033494	-2.76	0.006	-.0158152	-.0026858
HDRank	.01476	.0018069	8.17	0.000	.0112185	.0183015
_cons	2.022273	.5516198	3.67	0.000	.9411175	3.103428

Endogenous variables: PR
Exogenous variables: Remittances lgdp skilledlaborpercentage HDRank
Globlized

Variance Inflation Factor (VIF)

Variable	VIF	1/VIF
HDRank	1.98	0.504567
skilledlab~e	1.98	0.505247
lgdp	1.01	0.992741
Remittances	1.00	0.997605
Mean VIF	1.49	

```
Arellano-Bond dynamic panel-data estimation   Number of obs     =        383
Group variable: contryid                      Number of groups  =        148
Time variable: Year
                                              Obs per group:
                                                            min =          1
                                                            avg =   2.587838
                                                            max =          3

Number of instruments =     10                Wald chi2(4)      =     295.56
                                              Prob > chi2       =     0.0000
One-step results
                                  (Std. err. adjusted for clustering on contryid)
```

PR	Coefficient	Robust std. err.	z	P>|z|	[95% conf.	interval]
PR						
L1.	-.0590213	.0295885	-1.99	0.046	-.1170137	-.001029
Remittances	3.89e-11	1.94e-11	2.00	0.045	8.57e-13	7.69e-11
lnetmigration	-.1240913	.0730042	-1.70	0.089	-.267177	.0189944
skilledlaborpercentage	.0035088	.001916	1.83	0.067	-.0002465	.0072641
HDRank	.0463122	.0074563	6.21	0.000	.0316982	.0609262
_cons	0	(omitted)				

```
Instruments for differenced equation
        GMM-type: L(2/.).PR
        Standard: D.Remittances D.lnetmigration D.skilledlaborpercentage D.HDRank
Instruments for level equation
        Standard: _cons
```

Expression: **Linear prediction, predict()**

dy/dx wrt: **Remittances lnetmigration skilledlaborpercentage HDRank**

	Delta-method					
	dy/dx	std. err.	t	P>|t|	[95% conf. interval]	
Remittances	**1.00e-10**	**4.35e-11**	**2.30**	**0.022**	**1.48e-11**	**1.86e-10**
lnetmigration	**-.3969376**	**.3101132**	**-1.28**	**0.201**	**-1.005834**	**.2119584**
skilledlaborpercentage	**-.0096778**	**.0032595**	**-2.97**	**0.003**	**-.0160778**	**-.0032778**
HDRank	**.0141588**	**.0017539**	**8.07**	**0.000**	**.0107151**	**.0176025**

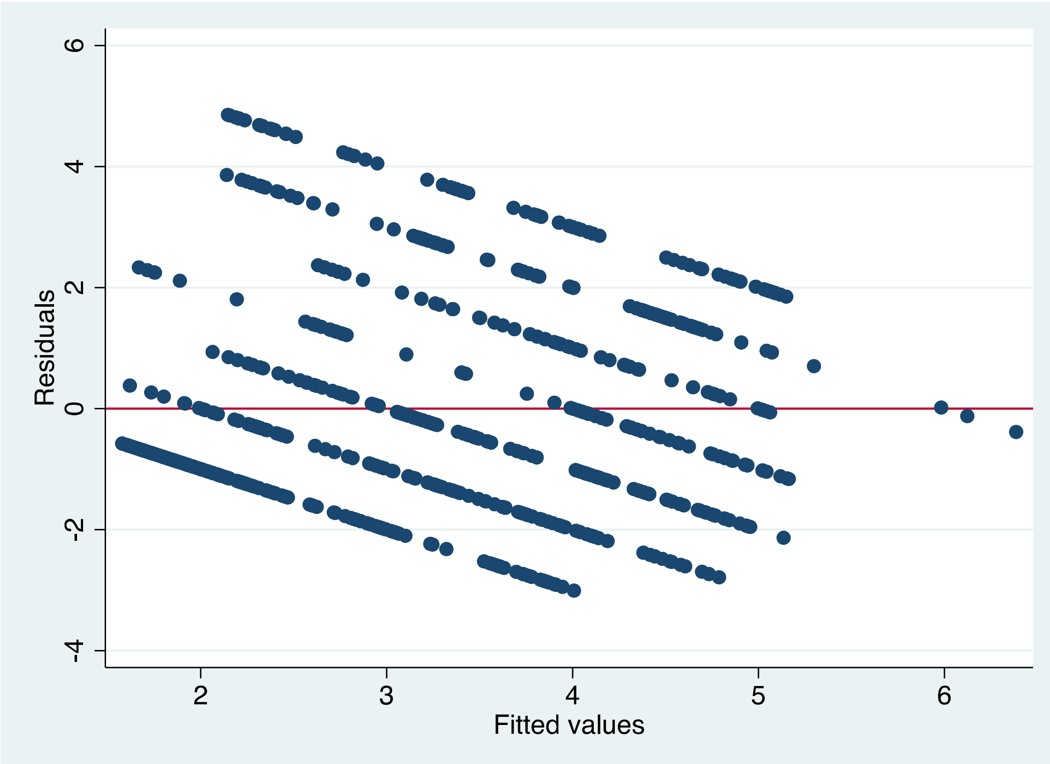
Average marginal effects Number of obs = **720**

Model VCE: **Conventional**

Expression: **Linear prediction, predict()**

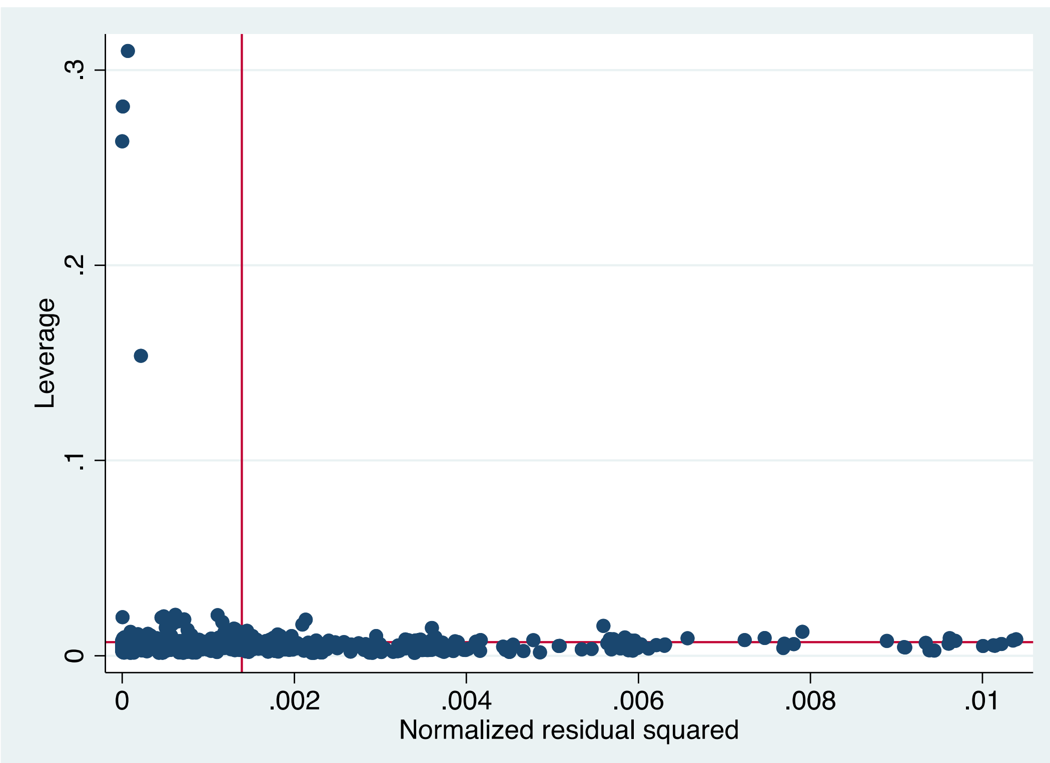
dy/dx wrt: **Remittances lgdp skilledlaborpercentage HDRank**

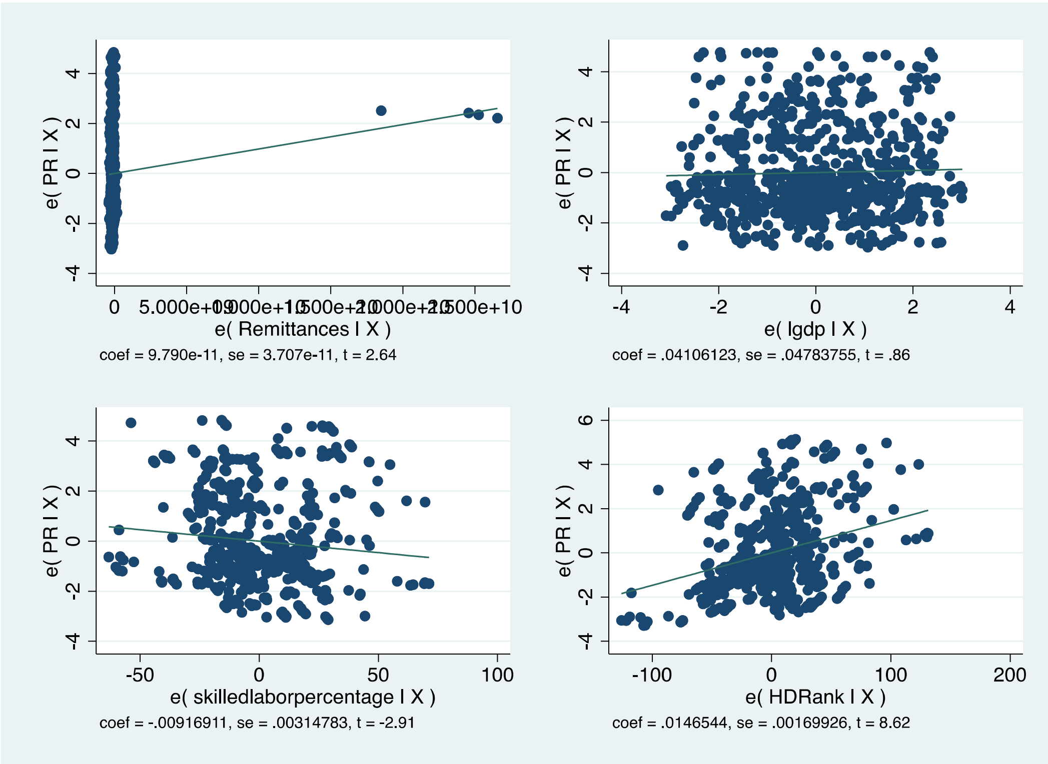
	dy/dx	Delta-method std. err.	z	P>|z|	[95% conf.	interval]
Remittances	1.61e-10	4.75e-11	3.39	0.001	6.80e-11	2.54e-10
lgdp	.0197955	.0344185	0.58	0.565	-.0476635	.0872545
skilledlaborpercentage	-.0088697	.0032356	-2.74	0.006	-.0152114	-.002528
HDRank	.0136926	.001905	7.19	0.000	.0099589	.0174263



Political (PR)

PR Model





e(PR I X)
e(Remittances I X)
coef = 9.790e-11, se = 3.707e-11, t = 2.64
e(lgdp I X)
coef = .04106123, se = .04783755, t = .86
e(skilledlaborpercentage I X)
coef = -.00916911, se = .00314783, t = -2.91
e(HDRank I X)
coef = .0146544, se = .00169926, t = 8.62

Civil Liberty Model

(GMM)

Logistic regression		Number of obs	=	697
		LR chi2(3)	=	20.69
		Prob > chi2	=	0.0001
Log likelihood = -472.69131		Pseudo R2	=	0.0214

FREE	Odds ratio	Std. err.	z	P>|z|	[95% conf. interval]	
Remittances	.9999709	.0000128	-2.27	0.023	.9999457	.999996
Globlized	1.015591	.0050963	3.08	0.002	1.005651	1.025629
lnetmigration	1.626311	.7231009	1.09	0.274	.6803568	3.887499
_cons	.0065054	.0245384	-1.33	0.182	4.00e-06	10.56907

VARIABLES	(GMM) CL	(OLS) CL
L.CL	-0.0508	
	(0.0339)	
Remittances	3.72***	8.26e-11***
	(0)	(0)
Log GDP	0.00479	0.000912
	(0.00837)	(0.0399)
Skilled labor percentage	0.000963	-0.00948***
	(0.00158)	(0.00263)
HD Rank	0.0352***	0.0140***
	(0.00263)	(0.00142)
Constant	0	2.397***
	(0)	(0.432)
Observations	417	720
R-squared		0.314
Number of country id	149	

Robust standard errors in parentheses

** p<0.01, ** p<0.05, * p<0.1

VARIABLES	(Random effect GLS) PR	(Fixed effect Model) PR
Remittances	1.41e-10***	1.61e-10***
	(0)	(0)
Log per capita GDP	0.0189	0.0198
	(0.0333)	(0.0344)
Skilled labor percentage	-0.00917***	-0.00887***
	(0.00290)	(0.00324)
HD Rank	0.0140***	0.0137***
	(0.00165)	(0.00190)
Constant	2.268***	2.263***
	(0.428)	(0.449)
Observations	720	720
R-squared		0.207
Number of country id	177	177

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

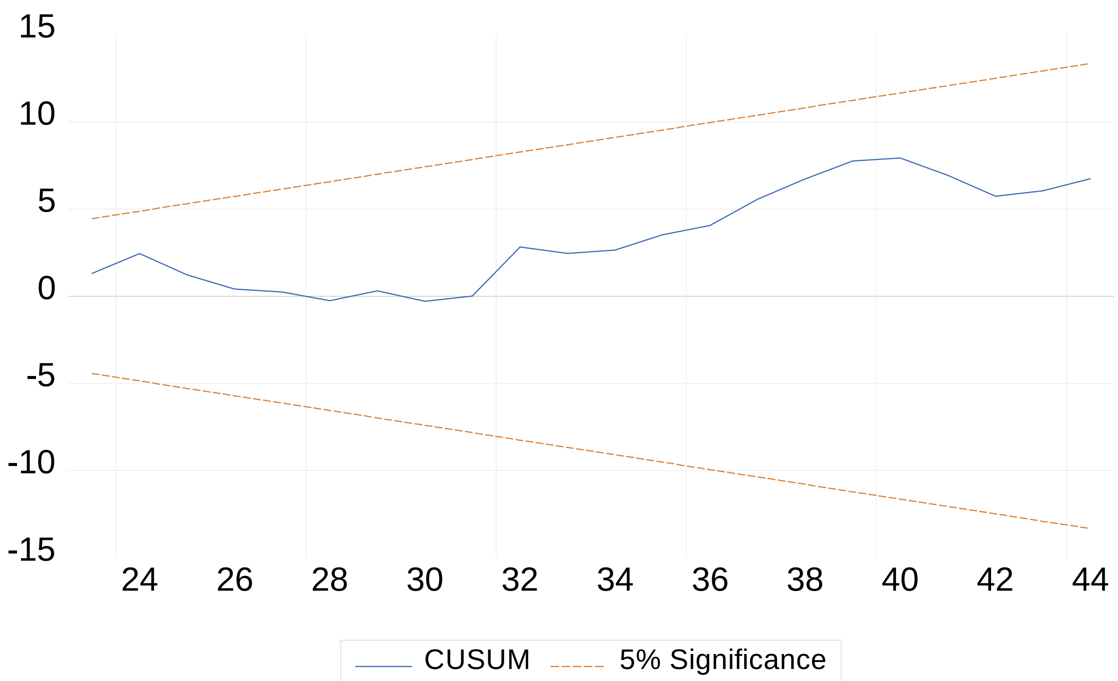
VARIABLES	(OLS) PR	(Random effect GLS) PR	(Population average Model GEE) PR
Remittances	9.79e-11***	1.41e-10***	1.39e-10***
	(0)	(0)	(0)
Log GDP per capita	0.0411	0.0189	0.0189
	(0.0478)	(0.0333)	(0.0344)
Skilled labor percentage	-0.00917***	-0.00917***	-0.00921***
	(0.00315)	(0.00290)	(0.00296)
HD Rank	0.0147***	0.0140***	0.0141***
	(0.00170)	(0.00165)	(0.00168)
Constant	2.012***	2.268***	2.266***
	(0.517)	(0.428)	(0.437)
Observations	720	720	720
R-squared	0.256		
Number of Country id		177	177

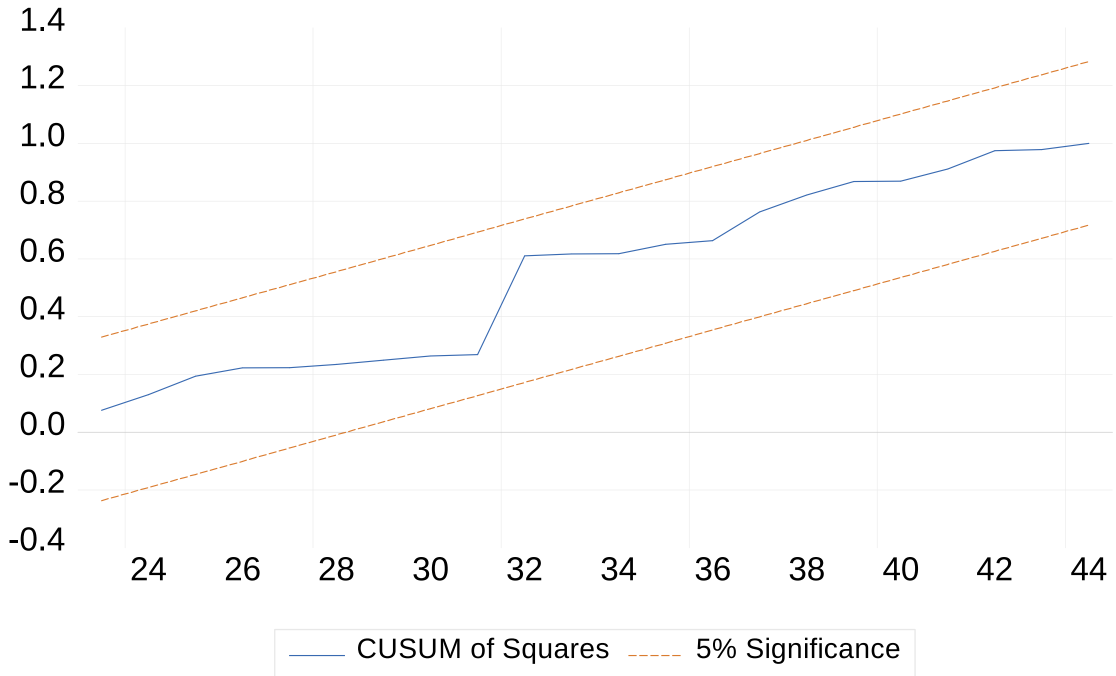
Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

VARIABLES	(Pooled OLS) CL	(GEE Population Average) CL	(Between Regression) CL	(Fixed effect within the group) CL	(Difference) D.CL	(Random effect GLS) Civil Liberty
Remittances	8.26e-11***	1.02e-10***	7.23e-11	1.12e-10***	0	1.03e-10***
	(0)	(0)	(6.96e-11)	(0)	(0)	(0)
Log GDP	0.000912	0.00239	-0.105	0.00699	-0.00455	0.00295
	(0.0399)	(0.0290)	(0.112)	(0.0289)	(0.0240)	(0.0280)
Skilled labor percentage	-0.00948***	-0.00786***	-0.00959*	-0.00711***	-0.00299	-0.00777***
	(0.00263)	(0.00250)	(0.00546)	(0.00272)	(0.00218)	(0.00244)
HD Rank	0.0140***	0.0134***	0.0154***	0.0126***	0.00225*	0.0133***
	(0.00142)	(0.00142)	(0.00288)	(0.00160)	(0.00122)	(0.00139)
Constant	2.397***	2.375***	3.211***	2.343***		2.372***
	(0.432)	(0.368)	(1.078)	(0.377)		(0.359)
Observations	720	720	720	720	583	720
R-squared	0.314		0.350	0.223	0.024	
Number of country id		177	177	177		177

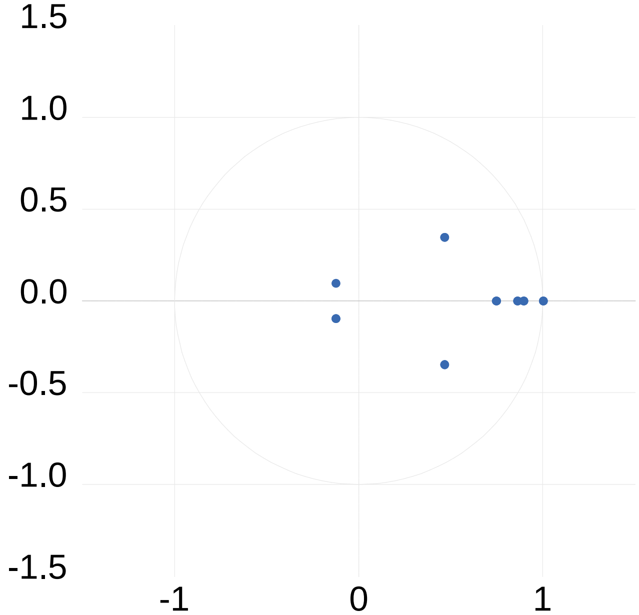
Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Egypt Cointegration Model




1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
-0.2
-0.4
24
26
28
30
32
34
36
38
40
42
44
CUSUM of Squares
5% Significance

Inverse Roots of AR Characteristic Polynomial



Egypt Data

Table 1A Unit Root Tests:

Levels – I(0)									
		ADF Test			DF-GLS Test			PP Test	
Variable		Constant	Constant & Trend	Lags	Constant	Constant & Trend	Lags	Constant	Constant & Trend
Lnx	AIC	-2.07	-3.20*	1, 1	-0.41	-2.93*	1, 1	-1.71	-2.25
	SIC	-2.07	-3.20*	1, 1	-0.41	-2.93*	1, 1		
lnM	AIC	-1.61	-2.63	2, 1	-0.33	-2.70	2, 1	-1.09	-2.07
	SIC	-1.61	-2.63	2, 1	-0.33	-2.70	2,1		
Lnrem	AIC	-1.86	-1.93	0, 0	-1.88*	-1.95	0, 0	-1.89	-2.08
	SIC	-1.86	-1.93	0, 0	-1.88*	-1.95	0, 0		
lnY	AIC	-5.54***	-5.61***	0, 0	-3.01***	-5.66***	1, 0	-5.52***	-5.59***
	SIC	-5.54***	-5.61***	0, 0	-4.96***	-5.66***	0, 0		
Lnfdi	AIC	-3.22**	-3.69**	0,2	-2.63***	-3.93***	0, 2	-3.45**	-3.42*
	SIC	-3.22**	-3.17	0,0	-2.63***	-3.05*	0, 0		

First Differences – I(1)									
		ADF Test			DF-GLS Test			PP Test	
Variable		Constant	Constant & Trend	Lags	Constant	Constant & Trend	Lags	Constant	Constant & Trend
LnX	AIC	-4.76***	-4.94***	0, 0	-4.32***	-4.77***	0, 0	-4.81***	-5.04***
	SIC	-4.76***	-4.94***	0, 0	-4.32***	-4.77***	0, 0		
LnM	AIC	-5.54***	-5.50***	1,1	-4.54***	-5.63***	0, 1	-5.44***	-5.34***
	SIC	-5.54***	-5.50***	1,1	-4.54***	-5.20***	0, 0		
Lnrem	AIC	-6.49***	-6.49***	0, 0	-0.77	-4.90***	4, 0	-6.75***	-8.26***
	SIC	-6.49***	-6.49***	0, 0	-3.43***	-4.90***	0, 0		
LnY	AIC	-11.44***	-11.32***	0, 0	-11.58***	-11.59***	0, 0	-21.48***	-22.45***
	SIC	-11.44***	-11.32***	0, 0	-11.58***	-11.59***	0, 0		
Lnfdi	AIC	-7.05***	-6.95***	0, 0	-2.73***	-6.19***	1, 0	-9.17***	-9.16***
	SIC	-7.05***	-6.95***	0,0	-2.73***	-6.19***	1, 0		

*, **, *** represent the significance levels of .10, .05, .01 respectively.

Variables	Levels – I(0)

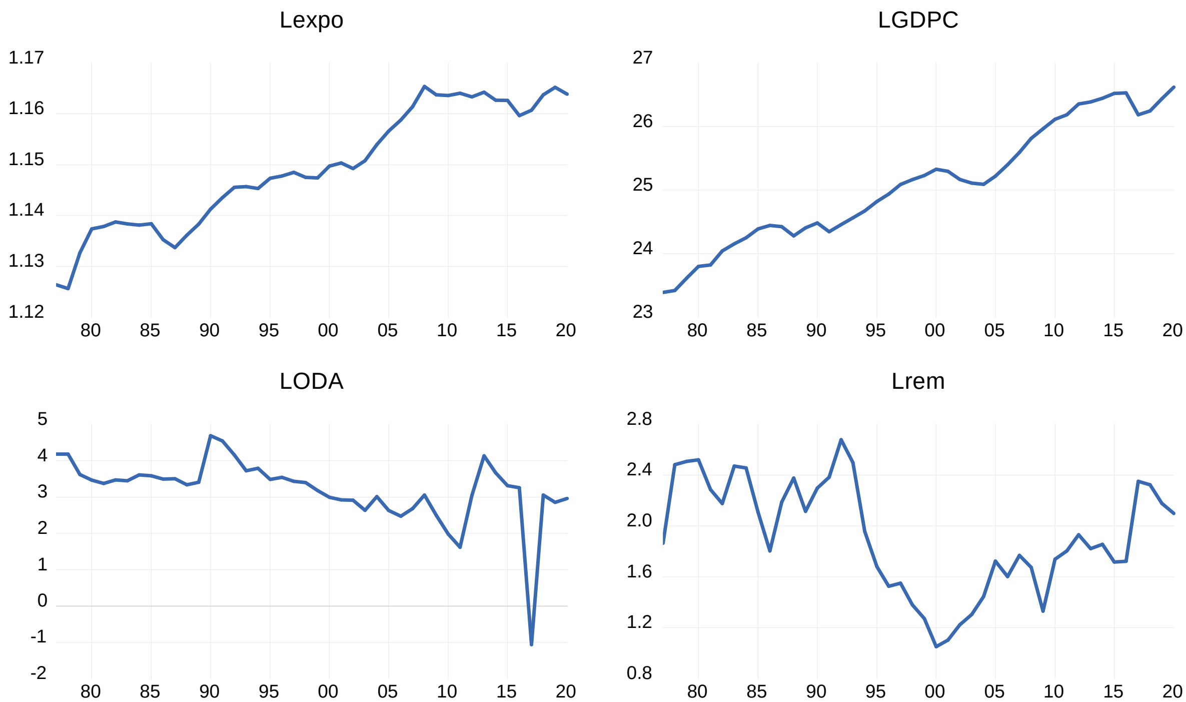
Source: World GDP (Y_W), Real imports (M), and Real Exports (X) are measured in real 2010 USD. These data come from the World Bank Database (2020). Nominal exchange rate data comes from the International Monetary Fund (IMF, 2019). Price ratios come from the World Bank Database (2020), with 2010 = 100. Within each panel, we perform a unit root test according to two information criteria: the AIC (first row) and SIC (second row). The first number in the fourth column of each panel reflects the number of lags determined by the test when the model contains only an intercept, while the second number reflects the number of lags determined by the test when the model contains an intercept and a slope.

		CONSTANT					CONSTANT&TREND				
		MZa	MZt	MSB	MPT	lag	MZa	MZt	MSB	MPT	lag
LnX	AIC	-0.03	-0.02	0.63	26.26	1	-16.58*	-2.77*	0.16*	6.09*	0
	SIC	-0.03	-0.02	0.63	26.26	1	-16.58*	-2.77*	0.16*	6.09*	0
LnM	AIC	0.18	0.11	0.61	26.09	2	-13.76	-2.61	0.19	6.65*	0
	SIC	0.18	0.11	0.61	26.09	2	-13.76	-2.61	0.19	6.65*	0
Lnrem	AIC	-6.28*	-1.75*	0.27	3.96*	0	-6.74	-1.79	0.26	13.54	3
	SIC	-6.28*	-1.75*	0.27	3.96*	0	-6.74	-1.79	0.26	13.54	0
LnY	AIC	-12.48**	-2.48**	0.20**	1.98**	1	-21.47**	-3.26**	0.15**	4.28**	1
	SIC	-20.24***	-3.17***	0.15***	1.22***	0	-21.47**	-3.26**	0.15**	4.28**	0
Lnfdi	AIC	-10.37**	-2.22**	0.21**	2.56**	0	-27.92***	-3.73***	0.13***	3.20***	
	SIC	-10.37**	-2.22**	0.21**	2.56**	0	-12.54	-2.50	0.19	7.26	
Variables		**First Differences – I(1)**									
		CONSTANT					CONSTANT&TREND				
		MZa	MZt	MSB	MPT	lag	MZa	MZt	MSB	MPT	lag
lnX	AIC	-18.23***	-3.01***	0.16***	1.36***	0	-19.32**	-3.09**	0.16**	4.78**	0
	SIC	-18.23***	-3.01***	0.16***	1.36***	0	-19.32**	-3.09**	0.16**	4.78**	0
lnM	AIC	-18.73***	-3.05***	0.16***	1.32***	0	-23.81***	-3.44***	0.14**	3.84***.	2
	SIC	-18.73***	-3.05***	0.16***	1.32***	0	-20.21**	-3.17**	0.15**	4.53**	0
Lnrem	AIC	-0.70	-0.52	0.74	28.9	4	-18.67**	-3.04**	0.16**	4.92**	2
	SIC	-13.98***	-2.62***	0.18**	1.82**	0	-18.67**	-3.04**	0.16**	4.92**	2
lnY	AIC	-15.59***	-2.79***	0.17**	1.58***	0	-15.59*	-2.79*	0.17*	5.85*	0
	SIC	-15.59***	-2.79***	0.17**	1.58***	0	-15.59*	-2.79*	0.17*	5.85*	0
Lnfdi	AIC	-9.51**	-2.15**	0.22**	2.66**	1	-21.00**	-3.23**	0.15**	4.35**	
	SIC	-9.51**	2.15**	0.22**	2.66**	1	-21.00**	-3.23**	0.15**	4.35**	

Table 1A Unit Root Tests (Part 2: NG-Perron)

*, **, *** represent the significance levels of .10, .05, .01 respectively.

Source: World GDP (Y_w), Real imports (M), and Real Exports (X) are measured in real 2010 USD. The real exchange rate (ER) is expressed as the number of yen per US dollar. The data for all four variables comes from the World Bank.



$\Delta \ln GDP_t = \alpha 0 + \sum^{p}_{i=1} \alpha 1i \Delta \ln GDP_{t-1} + \sum^{q}_{i=0} \alpha 2i \Delta \ln Expo_{t-1} + \sum^{k}_{i=0} \alpha 3i \Delta \ln Rem_{t-1} + \sum^{p}_{i=0} \alpha 4i \Delta \ln ODA_{t-} +$

ε_t

$\Delta \ln GDP_t = \alpha 0 + \sum^{p}_{i=1} \alpha 1i \Delta\ Ln\ GDP_{t-1} + \sum^{q}_{i=0} \alpha 2i \Delta Ln\ Expo_{t-1} + \sum^{k}_{i=0} \alpha 3i \Delta \ln Rem_{t-1} + \sum^{p}_{i=}$

${}_0 \alpha 4i \Delta \ln ODA_{t-} + \varepsilon_t$

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- Bio-Fuel Production and Its Impact on Food Prices
- Brand Techniques and their Impacts on Brand Identities and Brand Extensions.
- FDI Inflow to the United States and its Impacts on Growth, Does the Source matter? (Academic article)
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- Middle East Transformation in the Age of Globalization (not yet published)
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- Why America is Angry: A Shift in the American Political Economy and its Impact on the American Social Fabric (Old Dominion University conference 2019)
- Old Dominion University, 16th, And 17th Annual Graduate Research Conferences (2018 & 2019)