

Income aspirations and migration

Evidence from rural Tajikistan

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Introduction

- **Aspirations** are hopes, dreams or ambitions for the future
- Having low aspirations can be an *internal* constraint to achieving better outcomes in the future
 - There's a strong link between aspirations and poverty [1,2]
 - Aspirations are linked to important development outcomes: children's education [3]
 - Income aspirations are associated with farm or non-farm investments, in an inverse U-shaped relationship [4,5,6]

We are not aware of studies that quantitatively assess the relation between income aspirations and labor migration.



RESEARCH OBJECTIVES:

What is the association between income aspirations and migration?

How does this differ from local investments on and off the farm?

Three key take-aways ...

1. Very high rates of international labor migration, very low levels of local investment



2. Income aspirations are positively linked with migration, but not with local investments.

- First study to quantitatively assess the link between income aspirations and migration.



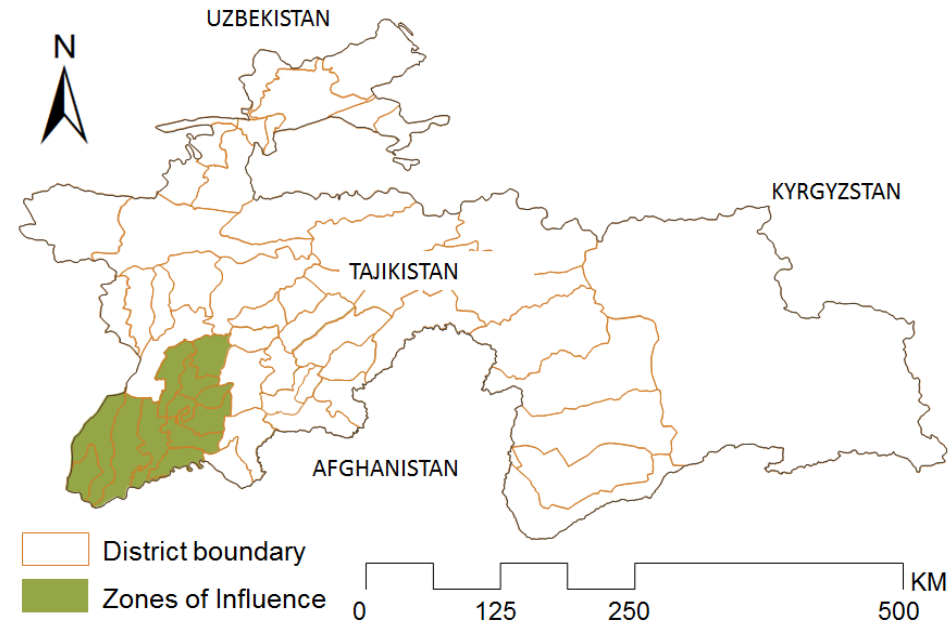
3. Similar results hold when we study past investments or future (expected) investments

- Former studies rely on past investments only as proxy for future investments



Data

- Survey data collected in February-March 2023 in 12 districts of Khatlon Province, Southwest Tajikistan
- Aspirations data from 1,705 respondents (1,438 households)



Source: Authors' own compilation

Methodology

The aspirations gap g_{ihv}

$$g_{ihv} = p_{ihv} \times inc_{ihv}$$

p_{ihv} = “What percent less or more would you like to have your household earn compared to your current household’s income?”

inc_{ihv} = Current household income (past 12 months)

We estimate the inverted U-shaped relationship between investment y_{ihv} and the aspiration gap g_{ihv} :

$$y_{ihv} = \beta_0 + \beta_1 g_{ihv} + \beta_2 g_{ihv}^2 + X'_{ihv} \Gamma + \theta_v + \varepsilon_{ihv}$$

g_{ihv} = the aspirations gap

X'_{ihv} = control variables (age, gender, marital status, children, living arrangement, etc)

θ_v = village fixed effects

ε_{ihv} = error term

+ semi-parametric regressions

Results:

Low local investment and high migration

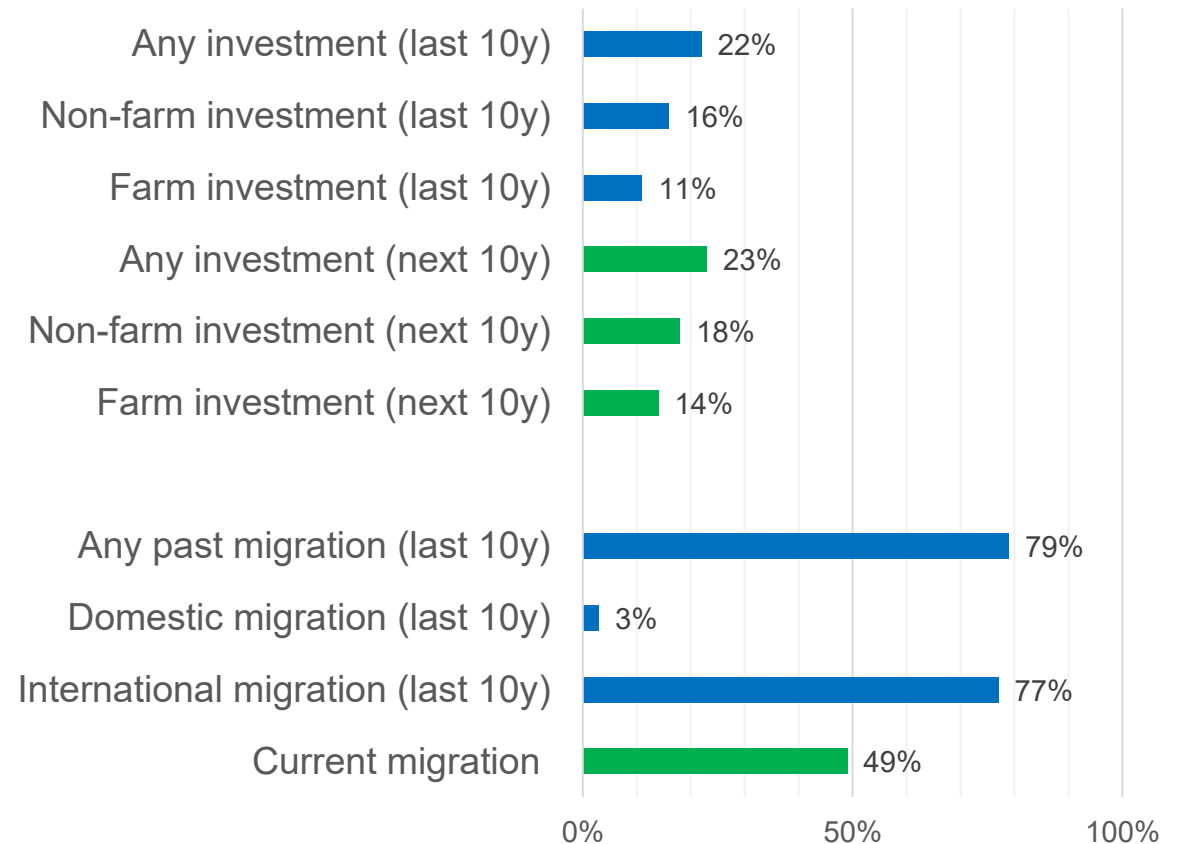
The aspiration gap

- 25% of respondents live in poor households
- Monthly household income: 8,612 TJS (18,892)
- Income aspirations gap: 5,390 TJS (13,566)

Limited investment, relative to other contexts:

- 34% of cocoa farmers in Ecuador invested in the previous 5 years ^[5]
- 29% of respondents in rural Myanmar invested in land or housing in the past 5 years ^[4]

Past and expected investments



Results:

Strong association between the aspirations gap and international migration

	(1) Any Migration	(2) International Migration	(3) Domestic migration	(4) Current migration	(5) Migration expenditures	(6) Remittances received
Aspirations gap	0.140*** (0.017)	0.149*** (0.017)	-0.011 (0.008)	0.130*** (0.032)	1.723*** (0.158)	4.099*** (0.187)
Squared aspirations gap	-0.016*** (0.002)	-0.017*** (0.002)	0.002 (0.001)	-0.012** (0.005)	-0.189*** (0.023)	-0.437*** (0.030)
U-test (p-value)	0.000	0.000	0.121	0.124	0.000	0.000
Controls?	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,705	1,705	1,705	1,705	1,705	1,705

- An inverse U-shaped curve for all migration-related indicators, except for domestic migration
- Limited heterogeneity by gender or farm typology.
- Similar signs, but larger coefficients for non-poor (vs. poor) households

Results:

No association between income aspirations and local investments

	(1) Any past Investment	(2) Any expected investment	(3) Past investment expenditure	(4) Expected investment expenditure
Aspirations gap	0.006 (0.028)	0.033 (0.043)	0.039 (0.268)	0.503 (0.345)
Squared aspirations gap	0.002 (0.005)	-0.001 (0.007)	0.021 (0.045)	-0.042 (0.053)
U-test (p-value)	N/A	N/A	N/A	N/A
Controls?	Yes	Yes	Yes	Yes
Observations	1,705	1,705	1,705	1,705

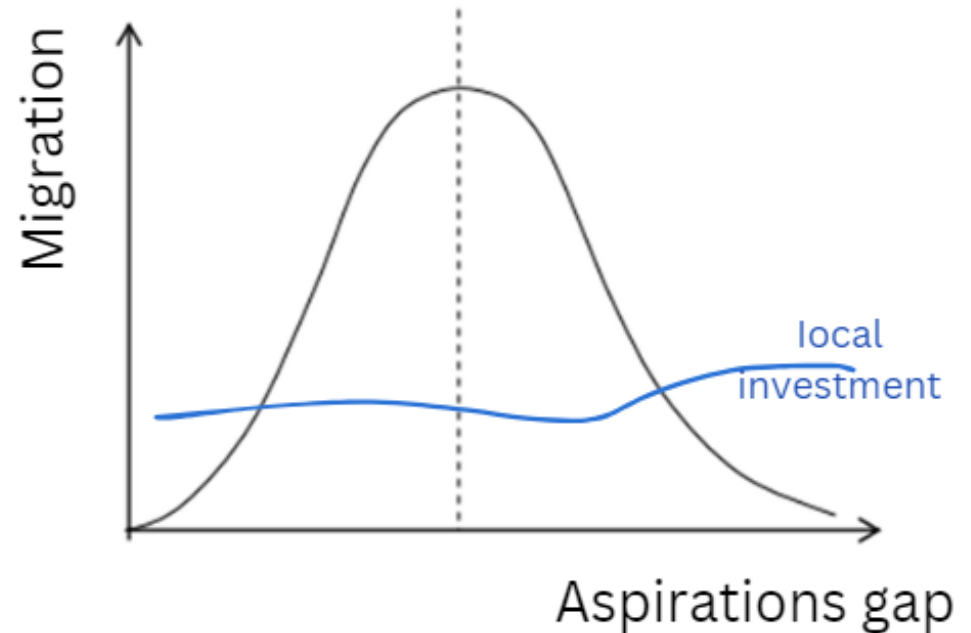


No significant association:

- Regardless of analyzing all investments jointly, or on-farm and off-farm investments separately
- Regardless of farm typology
- Regardless of the gender of the respondent

Conclusions

- In Khatlon, income aspirations are linked only with migration, but not with local farm and non-farm investments
- Low levels of local income-generating opportunities and local investments result in high vulnerabilities to shocks affecting migration.
- Limited aspirations to earn income at home may be detrimental to achieving long-term development objectives.



References

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Thank you!

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