Valentina Vasile et al (eds.): International Labour Mobility: How Remittances Shape the Labour Migration Model[1]

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Migration has been studied for decades by using several socio-economic factors as a beginning point to understand its origins. However, this phenomenon is still yet to be fully understood, especially with the evolution of human beings. Migration dates back over 200,000 years ago from the movement of mankind from Africa to Southern and then Northern Europe (pp. 41-42). Although the reasons for migration have evolved from what they used to be, some similarities can still be drawn in the driving force of migration patterns. Historically the reasons for migration included moving from hunting to cultivating and harvesting land, attraction to better living standards as seen through the migration of The Huns and Germanic tribes during 300 - 500 AD as they sought the wealth of the Western Roman Empire and the migration of Northern tribes to the South due to climate change (pp. 41-42). This does not fall far from current factors of migration which also relies on similar reasons. *International Labour Mobility: How Remittances Shape the Labour Migration Model*, however, examines more specifically the role of remittances in labour migration. By exploring the microeconomic as well as macroeconomic consequences of remittances, the book highlights the externalities of labour mobility, enabling a better understanding of the phenomenon of migration and its effects on the economy.

The definition of remittances has evolved over time. Initially considered as transfers made by migrant residents employed in a foreign country, the IMF now views remittances as personal transfers to broaden the scope to include other transfers between households, regardless of the income source, relationship or purpose (p. 5). The new framework of the IMF's Balance of Payments methodology (BPM6) defines total remittances which includes personal transfers, employee compensation, capital transfers and social benefits (p. 6). Understanding the components of this definition is crucial as the book clarifies how remittances are measured, the role each component plays in economic development, and

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the contributions of migrants to both the host and home countries. The book highlights different viewpoints of remittances in order to evaluate the extent of their externalities for the countries involved. Regarding the transfer channels of remittances, a more neutral approach seems to have been taken. Both formal and informal channels are explored, weighing the advantages and disadvantages of each. The author is not staunch in promoting the use of legal and formal channels as they understand that the use of more formal channels may be costly or unavailable especially in areas which are more undeveloped and may not have the technologies implemented in their transfer agencies (p. 12). This links to a consistent point that has been made in the book which is the need to reduce the costs of remitting to make it more accessible and stimulate the volume of remittances which is the goal of the World Bank Smart Remitter Target (p. 12).

There are nine migration theories which have been highlighted in the book. Highlighting these different theories is crucial for the reader's understanding in why migration takes place and its impact. It is important however to emphasize that none of these theories individually fully encompass the phenomenon of migration. Therefore, the use of these migration theories in the book is to further understand the role of remittances and its occurrence. For instance, under the push-pull theory, remittances can be seen as a pull factor as the prospect of higher wages encourages people to move to certain destination countries for them to have higher incomes to support their families back home (p. 19). In addition to this the push-pull, rational choice and neoclassical economics theories hinge on the desire of migrants seeking better economic situations for themselves and their families. Moreover, the book highlights several social causes of migration, linking them to remittances to create a more holistic view. Age, education, living conditions and family size are not only determinants of migration, but they also impact remittances and their volume. The size of one's family determines how much they send in remittances or whether there is a need to send any at all. The book also makes an interesting observation regarding the level of education. Highly educated people usually make the choice to migrate for professional and career development and not to remit as those with lower levels of education would (p. 141). Making these links that otherwise would be undermined is important in understanding the factors which impact remittance levels which is crucial for countries whose economies depend on remittances.

One of the most relevant observations the book makes is the relation between remittances and economic growth. To highlight this, Chapter five explores the impact of remittances and foreign direct investment through comparative and data analysis. However, a downside to this analysis is that the data used is restrictive as it focuses on European Union countries, leaving out other countries which would be vital in understanding the link between remittance, FDI and economic growth (pp. 89-90). In the analysis, the book classifies countries according to the rate of external labour mobility, creating three subdivisions as people in labour mobility are known to have more motivation to remit compared to those whose residence is in a different state, hence the emigration rate was not used in this analysis (p. 87). From the data, the authors prove that remittances have a strong positive impact on economic growth in less developed countries such as Moldova and even in EU Member State Croatia (p. 97). To be specific, with each $1 increase in remittances there is an increase of $6.89 of GDP (p. 98). This shows the dependency of poorer countries on remittances due to labour migration driven by economic hardship and wage differentials. Additionally, this impact can also be seen in more developed countries albeit to a lesser extent.

When it comes to the impact of FDI on economic growth an interesting observation in less developed countries can be seen. The book highlights how for the same reason that less developed countries rely on remittances, they are also less attractive to investors due to economic or social instability (p. 99). Hence this lessens the impact that FDI will have on economic growth in less developed countries. Making these observations is important in understanding the impact of remittances on the economy of countries, more specifically less developed countries. The book also illuminates the impact of Covid-19 on the volume of remittances and how this affected economies. Due to the pandemic, there was a decrease in remittances due to technical unemployment and the return of labour migrants to their home country. This can be seen in the case of Romania, which is in the first category of a less developed country (p. 186). The book aptly analyses the impact of Covid-19 in Romania as well as how it changed migration patterns and labour mobility. However, there was not enough data to statistically show the direct effect Covid had on GDP and remittances which would have been even more valuable.

In order to provide a more comprehensive analysis of the impact of remittances, the book provides an unconventional assessment of the externalities of remittances. The authors make use of a simple linear regression model to test the impact on factors such as the labour market, consumption and expenditures on education (p. 110). This analysis focuses specifically on research done in Romania and Moldova. Firstly, in the labour market, remittances have a negative effect on the active working population due to work discouragement and labour mobility (p. 111). Regarding consumption, remittances have a significant macroeconomic impact by changing consumption to import dependent consumption, thus affecting the balance of payments and domestic production (p. 117). In addition to this, the impact on education can be viewed in both a positive and negative light. There is an increase in the expenditure of education for children left behind through better access to education. On the other hand, due to brain drain, there is also a decrease in the student population due to labour migration and the need for family reunification. By analysing these factors, the book allows a semi-balanced assessment of the positive and negative externalities of remittances and migration. To achieve a more balanced review, more emphasis could be placed on the need to explore more positive impacts of remittances on the receiving and sending country.

Regardless of the comprehensive analysis done in the book, it is important to highlight the disparities in the research and data provided. The book makes use of data limited to Europe, specifically Romania and Moldova. To provide a thorough analysis of the research topic, the book could have possibly delved deeper into the impact of remittances in different continents. Whilst the book identifies the need for policies in areas such as the reduction of transfer, it does not fully highlight the implementation of policies which would make the reliance on remittances more sustainable. Additionally, since the book had focused on European countries and European Union member states, an exploration into how specific EU policies and legislation would affect the level and impact of remittances in origin countries would have been significant in understanding the role that legal institutions have in this regard.

In conclusion, the book provides a substantial foundation in understanding the role of remittances and labour migration in the economy of both the origin and destination country. It draws attention to theories and socio-economic implications that are significant in understanding migration and efficiently provides a link between these theories and remittances to develop understanding on how they can impact the economy. Whilst there is still more research to be done, the book paves the way for more conversation on the impact of remittances and could be seen as a valuable starting point in exploring future policies and research in the field.