

## **SUMMARY**

### **David DeCarlo, Class of 2008**

This summer I worked with Professor Gustav Ranis on his research project regarding “Migration Flows from Mexico to the U.S.” The goal of this 2-year project is to uncover the effect of remittances on income inequality, poverty, human development and growth in rural Mexico. Using data from a series of national surveys of Mexican household income and expenditures from 1992-2005, we performed a Gini decomposition to measure the effect of both international and internal remittances on rural income distribution in different regions of Mexico over time. Our preliminary findings indicate that internal remittances decrease inequality while international remittances tend to increase inequality due to the greater costs of migrating to the U.S. that only higher-income families can afford. However, in those states or regions where more migration has occurred, we have found that international remittances may reduce inequality as the expansion of migration networks lowers the cost barriers to migration.

As part of Professor Ranis’ research team this summer, I worked primarily on data collection and bibliographical materials, but also collaborated with other research assistants on performing the statistical analysis I outlined above. I collected, read, and summarized previous literature on the effects of remittances on income inequality, poverty, and economic development, as well as distributed copies of these materials to other members of the research team. I also played an important role in answering questions about the limitations of our data set by reading documents in Spanish on the survey’s methodology and contacting Mexican authorities. In addition, I collected data on foreign direct investment, tourism receipts, and export earnings in Mexico as well as the infant mortality rate at the municipal level. As I continue working as one of Professor Ranis’ research assistants this academic year, we hope to begin investigating the effect of remittances on poverty and certain measures of human development, such as the infant mortality rate.

This research experience outside of class has been very beneficial to me so far because it has allowed me to experience both the challenges and the rewards of economic research. While it was frustrating at first to find that the household survey data wasn’t as clean or comprehensive as we expected at the beginning, I learned to focus on what was still possible for us to accomplish. Most importantly, I found that you can often overcome an apparent roadblock in economic analysis through a different perspective or approach to the problem. I know that these problem solving skills will prove invaluable to me as I begin my own research this year for my senior essay on the relationship between trade and migration flows in the case of Mexico.

Overall, the Summer Research Opportunity was a rewarding experience for me. I look forward to the opportunity to continue working with Professor Ranis this year. Now that we have completed most of the work of catching up on the background literature and collected most of the data we will need, we can begin the more sophisticated econometric analysis of the effect of remittances on human development and growth in rural Mexico. With the summer experience under my belt, I feel confident and ready to move forward on this project as well as my own senior thesis.