

# Negative-Selection Migration and Education Investment: Theory and Empirical Investigation on the Roles of Parents' Remittances and Prospect of Children's Future Migration

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## Abstract

This paper examines the effect of labor migration on education investment in migrant-sending countries in negative-selection circumstances. Negative-selection migration has two conflicting effects. On one hand, individuals in prospect of future migration lose education incentives (the prospect effect). On the other hand, parents' migration brings remittances and facilitates education investment (the remittance effect). Whether migration overall encourages or discourages education investment is intuitively ambiguous. The theoretical results show that migration overall encourages education investment in households with small human capital since the remittance effect plays the major role, but that migration can discourage education investment in households with middle-level human capital through the prospect effect. The empirical investigation uses data from Tajikistan. Parents' migration is observable whereas the prospect effect is examined taking advantage of a rapid and exogenous increase of migration in the 2000s. The theoretical implication is confirmed. Parents' migration raises education investment in households with relatively small human capital whereas the prospect effect reduces that in households with upper middle-level human capital. Those effects of migration are robust to endogeneity of migration.

*Keywords:* Education investment, labor migration, negative selection, remittances

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