

Remittances, defined as cash and non-cash transfers made by foreign workers to their countries of origin, have increased every year since 1991 with few exceptions (see figure 1.1). They can amount to billions of dollars annually and be an important resource for states as well as citizens. With such large amounts of money flowing into countries, where it all ends up remains of great interest. In certain scenarios, like that of the Tamil Tigers, remittance inflows can be used to finance rebellion against the state. This leads us to ask the question, do remittances increase the likelihood of intrastate conflict onset? We examine data from 133 non-OECD countries and the leading research on international economics and civil war to come up with a testable theory and simulations with which to draw conclusions. This research has significant implications for development aid and international outreach efforts as well as how such funds are used.

Our initial results indicated remittances associate with lower likelihoods of civil war onset. However, gaps in data were a major obstacle since missing data from states that lack resources to keep such records may be more likely to be in a civil war and thus skew our results. We used other indicators of civil war, such as agricultural data, to overcome these gaps as best we could. Even so, the causal mechanism between remittance inflows and likelihood of civil war onset proved to be more complex than we initially thought. While our initial data indicated that remittances are positively correlated with lower likelihoods of civil war onset, the level of statistical significance was not as strong as we anticipated. Accordingly, we changed our research focus more towards state taxation and economics to try to uncover the causal mechanism. Our research concluded with the realization that there are confounding variables in-between an increase in remittance inflows and likelihood of civil war onset such as economic indicators and regime type. These factors play into whether or not families who receive remittances send that money to rebel groups or not and thus play into the increased or decreased likelihood of civil war onset. Further research is needed in this area to test and statistically correlate the data in order to fully flesh out the relationship between remittance inflows and civil war onset.

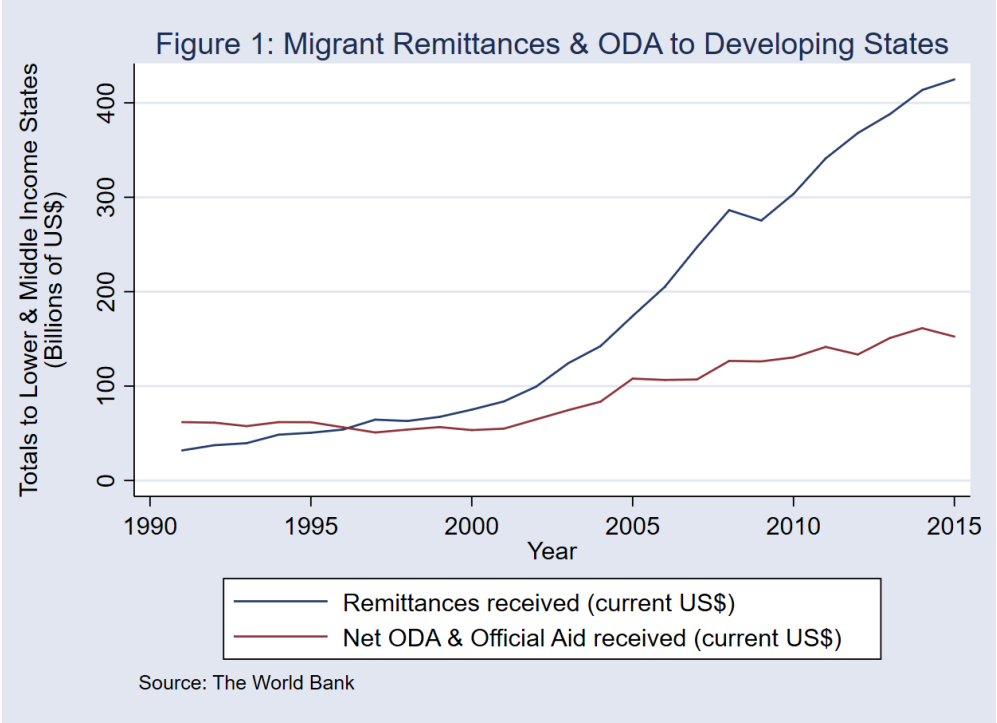


Figure 1.1