The link between the Remittances and the Fiscal Policy in the light of Italian Emigration and Turkish Emigration

Sahizer Samuk

Abstract

Emigration history and remittances are closely linked. The debate of remittances in terms of their effects in the host communities, if they contribute to wealth creation and under which conditions they continue to benefit the host state are all interesting issues to debate but none of these dilemmas reach absolute answers. In this paper the cases of Turkey and Italy were taken and their emigration histories were compared. In line with their emigration histories, I looked at the decreases and increases in the remittances from 1960s till 2000s. In order to do this research, I found the data on remittances and conducted desk-based research. The research is original in the sense that these countries' remittances have not been compared previously. The paper also enlightens the researchers in terms of possible future research. As a result of my analysis of the data, it is seen that Italy continues to receive more remittances compared to Turkey in 2000s but the effects of remittances in the economic recovery has significantly fallen down in both countries. Looking at history of emigration with an instrumental eye of the state, which had once seen the migrant workers as sources of remittances, it is possible to say that the remittances in these countries might have lost the effect that they had in 1960s and 1970s as there are more intricate and complicated factors involved in the well-being of the economy and developmental goals of a country.

Key words: Remittances, Italy, Turkey, History of emigration.

İtalyan ve Türk İşçilerin Göç Tarihi Işığında İşçi Dövizleri ile Maliye Politikası arasındaki İlişki

Sahizer Samuk

Özet

Göçmen gönderme ve işçi dövizleri birbirleriyle doğrudan olarak ilintili kavramlardır. İşçi dövizlerinin göç gönderen topluma etkileri, varlık yaratılmasına katkıları ve hangi şartlar altında göç gönderen ülkeye faydalı oldukları kesin cevapları olmayan tartışmalı konulardır. Bu makalede İtalya ve Türkiye örnekleri alındı ve onların göçmen gönderen ülkeler olarak tarihleri karşılaştırıldı. Bu tarihi karşılaştırmaya istinaden, 1960'lardan 2000'lere kadarki işçi dövizleri ve bu dövizlerin ekonomilerine etkileri tartışıldı. Bu araştırmayı yaparken işçi dövizlerine dair edinmiş olduğum verilerden ve masaüstü araştırmalarımdan faydalandım. Bu iki ülkenin işçi dövizleri bağlamında tartışılmamış olması nedeniyle bu araştırma orjinal bir niteliğe sahiptir. Bu makale ayrıca araştırmacıları gelecek araştırma olanakları ve konuları hakkında da bilgilendirmektedir. Verilerin analiziyle elde ettiğim sonuçlara göre İtalya'nın işçi dövizi bağlamında Türkiye'ye göre daha avantajlı olduğu fakat her iki ülkede de işçi dövizlerinin ekonomiye etkilerinin ciddi anlamda düşüş yaşadığını görmekteyiz. Göç göndermeye tarihi anlamda baktığımızda, devletin rasyonel anlayışına göre bir zamanlar döviz kaynağı olarak görülen işçi dövizlerinin 1960'lardaki ve 1970'lerdeki etkisini yitirdiğini, bunun yerine her iki ekonomide de başka önceliklerin ve faktörlerin ekonomiyi doğrudan etkilediğini görmekteyiz.

Anahtar kelimeler: Göç veren ülkeler, İtalya, Türkiye, Göç verme tarihi, İşçi dövizleri.

1. Introduction

Remittances can easily influence the fiscal capacity of the state as a source of easy revenues. This aspect has been considered many times by scholarly work but it is often forgotten that the remittances are highly related to the emigration history of a country and the context of emigration. In this paper first, the history of emigration from Italy will be explained. Second, the history of emigration from Turkey will be examined. The change in remittances within years and its place within the Fiscal Policy will be elaborated. Third, how the remittances can be used as a part of the fiscal policy and the remittances' role in these two countries will be deliberated. Finally, in the conclusions these two countries and their remittance patterns and how they could potentially influence the state policies will be compared. In this paper, what is attempted is to understand how the remittances relax the fiscal capacity of the state as discussed by Chami et al. (2006, 2009) in line with the emigration history. There are diverse scholarly studies, which indicate that the remittances influence the GDP growth in a positive manner, but it seems that this might not be the case in each example. An economy that is reliant too much on the remittances might also have other difficulties: Some economic institutions might develop later than they should.

Why Turkey and Italy? The reason is that they were both emigration countries (migrant sending countries, Italy starting with the end of the 19th century and Turkey starting with the 1950s and 60s mostly) and to explain the current situation, looking at the Migration and Remittances Factbook (2011) it is possible to observe these facts about these two countries:

- In the list of the top emigration countries Italy is the fourteenth while Turkey is the tenth. Turkey and Germany have one of the most important immigration corridors, it is the fifth amongst the first 30 corridors of immigration: 1) Mexico-the USA, 2) Russian Federation and Ukraine, 3) Ukraine Russian Federation, 4) Bangladesh and India, 5) Turkey and Germany.
- Italy and Turkey do not take place amongst those who are the top emigration countries of the tertiary educated, even if they have a major population outside who had tertiary education.
- In terms of the top emigration countries of the physicians (2000) Italy is the fifth amongst 30 countries.
- And lastly, one of the top remittance sending countries in 2009 is Italy. It is the sixth amongst the first thirty countries who receive most of the remittances (The remittances are calculated in terms of US billion dollars).

2. History of Emigration from Italy

In this section, I will summarize the emigration history of Italy and its link with remittances. Bonifazi et al. (2009:6-9) separate the emigration history of Italy into six phases:

> "Stage 1, from 1876 to the second half of 1970s, when net migration became positive, we can identify six main stages (Federici 1979 and Birindelli 1989). Stage 1 was characterized by a steady growth in emigration: from 100,000 expatriations a year at the beginning of the period to more than

300,000 a year in the last five-year period of the 19th century[12]. Stage 2, running from the beginning of the 1900s until the start of the first world war, was the period when migration increased the most: on average there were more than 600,000 people emigrating each year, peaking at 873,000 emigrants in 1913. In this period, the transatlantic flow accounted for between 55 and 60 percent of the total, with the US alone absorbing more than three million Italian immigrants. Stage 3, coincided with the First World War and was characterized by strong reduction in emigration. Stage 4 began at the end of conflict and lasted till 1930 while migration to the US fell tragically. Stage 5, when the Great Depression began in 1929 and led to a strong contraction in emigration. The final stage 6 began at the end of the Second World War when emigration resumed with renewed vitality, although not as strong as during the peaks at the beginning of the century."

As it is shown above, Italy has long been an emigration country before the end of the 1970s. With the oil crisis of 1973 Western European countries limited immigration and continued to receive immigration via family reunification. According to Bonifazi et al (2009: 8) in the early 1970s in Italy foreign net migration was positive for the first time. But Italian emigration had actually started much earlier than 1960s.

Emigration started at the end of the 19th century, and it has been predominantly emigration of labor immigrants into different countries in Europe. Bonifazi et al. (2009) names the countries as such: France, Belgium, Switzerland, Germany, the Netherlands, Sweden, Luxembourg and Great Britain and also some non-European countries as well (Argentina, Brazil, and Australia). "Between 1946 and 1965 total outflows numbered 5.6 million emigrants with a noticeable decline in non-European destinations in the second half of the 1950s. From 1960s on Germany and Switzerland had a great influence on the emigration trends from Italy" (Bonifazi et al. 2009: 7). Mostly after the establishment of the European Economic Community (EEC) free movement of the emigrants to Germany was feasible (ibid.) Commetti (1958) for instance, describes the emigration trends since the second half of the 19th century from Italy to the other parts of the world. Commetti (1958: 821) says:

"Only after the country's unification in 1871 did Italians depart in noticeably large numbers. The statistical record of their exodus, begun unofficially by Leone Carpi in 1869, was officially compiled from increasingly broad sources of data by the General Direction of Statistics from 1876 until 1921, then by the General Commission of Emigration until 1926 at which time the General Institute of Statistics took over the work"[13]

Italy's first migration law passed in 1888, as Commetti (1958: 821) underlines, which brought the emigration agencies under state control. And the migratory flow continued to grow as the departures for the US alone increasing from 1,441 in 1876, to 32,495 in 1888, and 121,139 in 1901 (ibid.). The first emigrants were not seen within a positive light by the host society even if the emigrants were mostly leaving Italy in order to find better job opportunities and contribute to the economies of the

[12] "Up until 1885, emigration to other European destinations prevailed, especially to France, but also to Switzerland, the Austro-Hungarian Empire and Germany; whereas in the following years, transatlantic flows were in the majority, divided almost equally among the US, Argentina and Brazil." (Bonifazi, 2009: 6)

[13] Benedetto Barberi, "Statistiche dell'emigrazione italiana" Homo Faber, 6 (July, 1955) 2703-14.

host countries. Although the major reason was economic, in the beginning of the 20th century they were seen as adventurers (Choate, 2007). Even though it is not possible to mention a turning point in terms of the approaches towards the emigrants in the 20th century, as the state was more institutionalized, it was discovered that to keep better and stronger relations with the emigrants would be a source of revenue. In the second half of the 19th century, the emigration restrictions were stricter. During this time, the approach towards the emigrants was quite pessimistic as Choate (2007: 733-734) says:

> "A Venetian count opined that many emigrants were escaping their debts and overdue rents; another deputy claimed many emigrants were seeking fortune and adventure, instead of working for a living. Even though curbing individuals' freedom to emigrate undermined the principles of Italian liberalism, such restrictions were easily excused."

Besides these perspectives, it is significant to note that the states started to intervene to emigration corridors beginning with 1950s when Italy signed many bilateral agreements with the European countries for the immigrant labor. As Choate (2007: 730) would underline:

> "The Italian state actively intervened in migration throughout the century from 1876 to 1976, as 26 million Italians emigrated abroad, a figure never surpassed in recorded history (Vecoli, 1995). Italian politicians struggled to react to an escalating population exodus, eventually moving towards policies to encourage remittances, promote Italy's reputation, and frame emigrants as 'Italians abroad'."

"As late as 1961, the numbers of emigrants was 387.123." (Cordasco, 2012: 499). What is important and interesting to highlight is that the way emigration was debated changed totally. According to Choate (2007: 733) "Emigration debates and emigration policy moved from emotional overstatements to calculated, measurable reforms in proven programs." This also was a process of state formation. As a part of state formation, Italian Emigration Commissariat was formed. The end of the 19th century, after the reunification of Italy, the formation of such a bureaucratical structure as the Italian Emigration Commissariat initiated the policy making on emigration and immigration.

Economic reasons and historical facts changed how emigrants were perceived. The reason behind this change within the years could be that the emigrants previously did not leave their country under the bilateral schemes but with their own initiatives. In other words, they were not instrumentalized and observed yet as a part of their own community, which would contribute to the economic development of the sending country.

The second phase of the process is more related to the institutionalization of the emigration policy from another point of view as the statistics for the emigrants were started to be used "during the time of the Italian commissioner of emigration, appointed in 1901, who was called Luigi Bodio, who was an accomplished statistician who had organized the first census of Italians abroad in 1871" (Bodio, 1873, 1882). 1901 was the year when the Italian parliament accepted the legislation to shift the emigration policy to the area of foreign policy priority (Choate, 2007: 744). The emigration policy that was followed during the fascist time was also very much restrictive because Italian emigrants were isolated and Musollini said that the Italians need not emigrate anymore and he disbanded the Emigration Commissariat in 1927 (Bonifazi et al. 2009). In the Post Second World War context Italian emigration had a totally different phase and face.

If we have a look at the general rise of the numbers of emigration (see graph 1 in annex) and remittances to Italy (see graph 2), it is possible to observe such a trend: Remittances increase after second half of the 1970s when Italy sends many labour migrants to the European countries. After 1986 there is a significant rise in the amount of the remittances as well. After 2004 there is also some increase in the remittances while after 2007 there is even a greater increase. Even though the economy is staggering in Italy the remittances are on the rise:

> In 2011, in Italy, the outflow workers' remittances exceeded 19%, confronted with a European average increase by 2% than in 2010. Thereby increasing money supply from 6.5 to 7.4 billion euro. Such figures lead us to meditate. Firstly, because the amount of money transferred from families to "newcomers" is such to place Italy at the second rank among the EU27 Member States, after France. Far from countries with an **immigration** history much older than Italy's."[14]

To sum up, it is surprising to see that emigration and remittances have continued to flow into Italy despite the fact that the economy had been crisis ridden since 2008. In this case, these flows of remittances might have a negative impact on the economic growth or it could create some inflationary measures while at the same time it strengthens the balance of payments. In the next section, the emigration history of Turkey will be discussed and later the comparisons and possible fiscal capacity weaknesses will be deliberated for these two cases.

3. History of Emigration from Turkey

The 1960s were defined by a great amount of labour emigration from Turkey to Europe (Abadan-Unat, 2002). Turkey had signed many bilateral agreements with the European countries in order to send workers. "Turkish workers' migration, mainly to Western Europe and particularly to the Federal Republic of Germany, started in the early 1960s and since then over 2 million Turkish workers seeking employment have migrated to about thirty countries " (Aydas et al, 2005: 54) The countries that Turkey had signed bilateral agreements are as such: West Germany (1961), Austria (1964), Belgium (1964), the Netherlands (1964), France (1965), Sweden (1967) (Unat, 2007: 5)[15]. In the 1970s, the petroleum crisis of 1973 had caused a rise in the oil prices and had a greatly negative influence on the Western European countries. This crisis stopped the demand for labor immigrants to European countries, but the emigration continued in the form of family reunifications[16]. As Hollifield (1992: 75) rightly says: "Immigrant workers have served their economic purpose, and it was politically expedient to stop immigration especially from the Muslim countries of Turkey and North Africa." At the same time, some integration difficulties for the immigrants came to the fore, as this temporary migration turned out to be a permanent one as an unexpected outcome.

While 1970s are the years wherein there had been great family reunifications, the 1980s were times of turmoil in Turkey due to the military takeover. Consequently, between 1981-2005, there were many asylum applications submitted to diverse European countries from Turkey, and the number of asylum seekers rose to more than 664.000 (Icduygu and Kirisci, 2009: 6). Hence Turkey

[14] http://www.west-info.eu/italy-the-economy-stalling-but-remittances-skyrocketing/ accessed on 3rd of June2013.
[15] "Other agreements were signed with the United Kingdom in 1961, with Switzerland in 1971, with Denmark in 1973, and with Norway in 1981 (Franz 1994)." (Bilgili, 2012: 2)
[16] It is important to denote that the family reunification was recognized in this process as an international right.

was seen as an emigration country since 1950s and 1960s. In the 1970s, the labour migrants turned towards the Middle East and Australia, and, in 1980s and 1990s, to the Russian Federation and Common Independent States (CIS) countries (İcduygu and Biehl, 2012: 13).

Reniers (1999) in his work looks at the different patterns of emigration from Turkey to Belgium but there are also many other scholars who worked over these topics[17]. Reniers makes a differentiation between the Moroccans and the Turkish who had emigrated into Belgium in terms of their diverse causes. He (1999: 905) explains very clearly the reasons behind migration, the expectations from the migrants (the fact of being temporary), and how the content of the migration flows (from guest worker to family reunifications) has changed:

> “The main cause for migration was probably different between the two communities. It can be assumed that for Moroccans, the main cause was 'sociocultural and related to the attractiveness of the Western lifestyle. Turks must predominantly have migrated for purely economic reasons. As a result, their stay in Belgium was, a priori, of a more 'temporary' nature. This can be derived from the fact that, in the 1960s, at the beginning of the migration flows, many more Turkish than Moroccan men moved to Belgium without their spouses. It was only in 1974, when the Belgian authorities restricted migration to family reunification, that many more Turkish women eventually joined their husbands (Surkyn and Reniers, 1996).”

As Icduygu indicates in his work the times of the emigration from Turkey was the time where there was the economic boom in Germany and these workers moved to Germany as “guest workers” which meant that their stay would have been temporary. However, they did stay for many years and what is more, after the Oil Crisis of 1973 when the labor migrants’ acquisition had come to an end the Turkish citizens continued to emigrate as asylum-seekers or through the schemes of family reunification.

As Kirisci[18] (2003) underlines “Europe’s recession coincided with an economic boom in the Middle East, allowing Turkish workers to emigrate to countries such as Libya, Saudi Arabia, and Iraq later followed by emigration to the Russian Federation and other parts of the Commonwealth of Independent States. This emigration rarely involved entire families.”[19] After 1980s and 1990s Turkish emigration continued as asylum-seekers and family reunification. Especially the emigration to Germany continues in the 1980s as asylum-seekers. Hollifield (1992: 92-93) writes that “Germany has had a larger influx of political refugees, primarily from Turkey. The increase in the number of applications for political asylum in the late 1970s and early 1980s led to the adoption of a series of measures designed to stop abuses.” There are not many statistical information on the emigration of the high-skilled Turkish emigrants but this has also been a common phenomenon in the last three decades. Kirisci (2003) denotes that “today, it is estimated that there are approximately 3.6 million Turkish nationals living abroad, of whom about 3.2 million are in European countries, a substantial

[17] “While migration trends must be addressed ina socio-historical and political context only a brief summary of the circumstances under which Turkish and Moroccan emigration to Belgium took place will be given. A more complete picture can be reconstructed from Haex (1972), Paine (1974), Bossard and Bonnet (1975), Abadan-Unat (1975), Moulaert (1975), Seddon (1979), Bossard (1979), Belguendouz (1987), Keyder and Aksu-Koç (1988), Martin (1991), Obeijn (1993), den Exter (1993), De Mas (1995), and Surkyn and Reniers (1997).” (Reniers, 1991: 681)

[18] http://www.migrationinformation.org/feature/display.cfm?id=176 accessed on 4th of June 2013.
[19] http://www.migrationinformation.org/feature/display.cfm?id=176 accessed on 4th of June 2013.

increase from 600,000 in 1972." About the remittances that Turkish emigrants have contributed to the economy, Kirisci (2003) also adds that since 1960s Turkish emigrants have been contributing to the Turkish economy:

> "As a result of this emigration remittances sent by Turkish immigrants and workers abroad have been a major foreign currency input for the economy since the early 1960s. Remittances steadily increased as a percentage of Turkey's annual trade deficit, reaching a peak in 1994 of 62.3 percent, and dropped to their lowest level in 2000 with 20.4 percent."[20]

Icduygu (2006: 5) indicates that there is a great positive impact of remittances on economic development: "Among the main consequences of labor emigration for a sending country like Turkey are the beneficial impact of incoming workers' remittances. As a developing country Turkey has always needed external capital to support development projects and she has always faced perennial shortages of foreign funds to pay for imported goods and services and foreign debts." For Turkey during the 1960s and 1970s remittances were a great source of easy income for the state (see graph 3) but "the remittances started to grow after 1964, gradually becoming a source of external financing for Turkey" (Aydas et al. 2005: 55). Icduygu (2010: 32-33) summarizes the great increase in the remittances as such:

> "Workers' remittances increased from a modest 93 million in 1967 to a peak 1.4 $ billion in 1974 and then declined to 893$ million in 1978. Turkey showed a more or less consistent level of annual remittance receipts of around 1.5-2.0 $ billion between 1979 and 1988. In this period, almost a quarter of Turkey's annual total import bill was financed by the remittance receipts. During the late 1980 and early 1990s the country had annual remittance receipts of about 3.0$ billion which increased to 3.4$ billion in 1995. In the 1990s, remittances were equivalent to around 45 percent of the trade deficit, but never exceeded three percent of GNP. In short, since the 1960s workers' remittances have greatly contributed to meeting the import bill of the country, but their contribution to GNP has always been very limited."

As it can be observed from the remittances inflows to Turkey what is seen is that beginning with the 1970s there is an increase in the remittances followed by a decrease in 1979 and there is also another decline in 1980s. After 1990s the remittances increase again the flow of the Turkish workers to Arabic peninsula and toward Russia has increased (Aydas et al. 2005: 55).

In the Turkish case remittances had a great role in macroeconomic financing. As Mouhoud et al. (2006: 2) indicates "In the Turkish case, in the second half of the 1960s, the migrants' transfers played an important role for the sustainability of the external deficit. In 1969, remittances were about 18% of the imports" However, can we say that remittances had also a bad influence in terms of the fiscal capacities of the state? This is a crucial question to answer. Even though the remittances were in the beginning mostly for supporting the families, after the family reunification they gained another

[20] http://www.migrationinformation.org/feature/display.cfm?id=176 accessed on 4th of June 2013.

characteristics such as investment. Even though these investments were in housing and other expenditures, it is also true that those who had planned to return had chosen to save money in the Turkish banks as well. Mouhoud et al. (2006) underline that "the positive or negative impact of the remittances on these countries depend on the level of analysis on the one hand, and on the period (long term or short term) on the other hand." (ibid.) From this proposition, it would not be wrong to infer that it is not easy to calculate the good or bad effects of the remittances on the domestic economy outright (see table 1 in annex).

When the remittances to Turkey are examined it is possible to see that there is an increasing trend till 1998 (especially after 1994 and in the period between 1994 and 1998). But it starts to fall after 1998. Economic crisis had great impact on the receipt of remittances from the host states. As Mouhoud et al. (2006: 7) explains:

> "First the 1999 recession, and then two economic crises in 2000 and 2001 can be responsible for this sharp decrease. It is possible that, in such an economic context, accompanied with an important decrease in the confidence of economic agents to the economy, migrants prefer to remit using unofficial channels rather than the official ones or simply not to remit at least for investment motives."

On the other hand, there is another decrease after 2003 which explained by Mouhoud et al. (2006: 7) with the classification of the workers' remittances in Central Bank of Turkey's calculations as such: "Turkish lira conversion from their foreign exchange accounts and money spent during their visit in Turkey as tourism revenues" (FEMIP, 2006)

4. **The Relationship between Migration and Remittances: The Implications for the Fiscal State**

Why are migrant worker remittances important? According to Mouhoud et al (2006: 2) "migrant worker remittances constitute the second biggest source of foreign transfers to the developing world after Foreign Direct Investment (FDI) and are more important than the public aid and private capital transfers. Thus, international organizations (IMF, World Bank, etc.) or home and host country governments consider remittance flows as an engine of development." Haas (2005) in his article underlines the importance of the remittances for an economy. He clarifies the myths related to migration. One of the myths is related to the remittances (Haas, 2005: 1274):

> "The money migrants remit to sending countries is mainly spent on conspicuous consumption and non-productive investments. Migration and remittances are therefore thought to lead to a passive and dangerous dependency on remittances. The dominant perception since the 1970s has been that remittances are spent mainly houses, feasts, cars, clothes and imported consumption goods, while investment in productive enterprises is rare."

However, from the examples and research made, Haas (2005:1274) elaborates on the importance of remittances and how they are used and he combats the myth that the remittances are used for spending purposes rather than investment: "More recent work from Latin America, in particular, but also from Asian and African countries, strongly suggests that remittances potentially enable migrants and their family members to invest in agriculture and other private enterprises. International migrant households have a higher propensity to invest than do non-migrant households." As it will be seen later within the text, migrants' family members might not choose to invest in agriculture and this might as well lead to a fall in the agricultural output (how the remittances affect the relationship between labor and output is a complex process where the scholars argue and have conflicting thesis upon the topic.)

"Several studies have shown that migration does not necessarily lead to passive dependency on remittances, but may also lead to increased economic activities and wealth" (eg Taylor et al, 1996a; 1996b; De Haas, 2003)." But he adds that in terms of reliability and being less volatile the remittances are much more crucial than the foreign direct investment and development aid (Gammeltoft, 2002; Keely and Tran, 1989; Puri and Ritzema, 1999; Ratha, 2003)." (Haas, 2005: 1277). However, the impact of remittances also in terms of development is being overestimated. To attract remittances is an easy way of attaining revenues, taxes for the state but it does not necessarily lead to development and even if it leads to development in the first instance, there is also proof that according to the "migration hump" the developing countries have more emigration in the short to medium term because the economic development might cause the better educated segments of the society not to be satisfied with the standards of living in their home country and they might leave in order to find better economic opportunities somewhere else.

Despite the fact that one cannot have a very optimistic idea about the consequences of the remittances on the domestic economy, one should not underestimate the role the remittances have during the times of the crisis. This is why states are keen to attract remittances through different fiscal policies. Haas (2005: 1279) says: "In the recent past, many governments and banks in sending countries have successfully attempted to attract remittances through special fiscal policies, the establishment of foreign bank branches and giving migrants the opportunity to open foreign currency accounts." As it has been seen with the case of Italy, opening banks in the host country is a very typical way of attracting and channelling emigrants' remittances for the home state.

Why do people send remittances? According to Chami et al. (2006: 8): "The existing literature on remittances has mainly focused on the motivation to remit and the microeconomic implications of remittances. On the motivation for remittances, the literature has been divided between those who argue that remittances are altruistically motivated and those who believe that remittances behave more like capital flows –that is, they are driven by selfish reasons and the remitters' desire to invest in the home country[21]." Most of the literature focuses on the motives behind the remittances but not the effects of remittances on the macroeconomic policies. Chami et al. (2006) in their article examine the macroeconomic effects of emigration and remittances. What are the consequences of receiving remittances?

As rightly asked by Choate (2007: 750) "Would this money from abroad lead to structural changes in the Italian economy so emigration would no longer be necessary in the future or would it act as a crutch, an artificial boost that in effect would prevent meaningful economic reform?" It is rare that the remittances would lead to structural changes in the economic policies but rather it is seen as a way of short-term goal to strengthen the balance of payments so that the state is away from the troubles of solving the problem of economic production and questions of labour and output (not

[21] "The second approach is called 'the portfolio motive behind remittances and has been advanced in a variety of studies, including Straubhaar (1986), Elbadawi and Rocha (1992), El-Sakka and McNabb (1999), and Buch, Kuckulenz, and Le Manchec (2002) to suggest that remittances promote development and enhance growth opportunities." (Chami et al. 2006: 8) "Altruistic motivations for remittances are discussed in Lucas and Stark (1985), Chami, Fullenkamp, and Jahjah (2003/2005), Gupta (2005), and World Bank (2006), and have their roots in Becker's (1974) analysis on economics of the family." (ibid.).

immune to these questions totally for sure, but there is some kind of relaxation on the side of the state). What is more, the state involving with its citizens outside, mostly would have nationalistic and economic purposes (more of a pragmatic approach towards its citizens abroad) then seeming to protect the rights of its citizens in other areas of life (where they have difficulties in integration or related problems).

In accordance with this ideology, the state would rather make the remittances easily available and feasible and the citizens feeling attached (literally and metaphorically) to the country (through dual citizenship) so that there is always a chance/opportunity/incentive for the citizens to invest in their home country. Another policy that the states follow as it had been done in Italy is to promote return migration so that the emigrants outside, after years of work, come with all their investments back to their home countries.

Chami et al. (2009) draws attention to the works where the reliance on remittance flows can be risky even if they are less volatile than the foreign direct investment and foreign aid. Chami et al. (2009: 9) says: "There is evidence, for example, for that reliance on remittance flows may have an adverse effect on the quality of governance in recipient countries (Abdih and others, 2008). If so, the recipient economy may be more susceptible to being destabilized by economic shocks, whether domestic or external in origin." Abdih et al (2008: 3) has explained how the remittances could influence fiscal policy in a way that is not expected:

> "Recently, however, Chami, Cosimano and Gapen (2006) show that remittances also affect fiscal policy in the recipient countries. For example, by increasing the revenue base, remittances reduce the marginal cost to the household of government distortionary policy. Conversely, for a given level of distortion, remittances allow the government to carry more debt or incur more expenditures. These flows, therefore, have similar budgetary implications and incentive effects on government behavior as do natural resources such as oil."

Therefore, the remittances have two effects: They can influence the economic growth (in addition these it can increase the imports, decrease labour output –the case of moral hazard in the family of the emigrants-, increase consumption, increase in inflation) as well as they have a pressure on the institutional quality of the sending countries. What happens if the quality of the institutions is undermined by the remittances? Even though, it would not be a full-fledged explanation capturing the whole truth to say that the remittances could cause weakening of the sending state's related institutions there is the possibility that the remittances might undermine the quality of these institutions. Abdih et al. (2008: 17) say:

> "It is a fairly established empirical finding that better institutional quality enhances economic growth [See Hall and Jones (1999), and Acemoglu et al. (2001)]. Therefore, by worsening the quality of institutions in the recipient country, remittances can adversely affect growth. This channel has been missing from the empirical literature. Our results suggest that future empirical work on the relationship between remittances and growth needs to account for it."

In this paper, it is not analyzed how the remittances might have affected the functioning of the institutions, how it caused them to weaken somehow in the cases of Italy and Turkey. It is true that remittances have been an important side of economic growth in these two countries for years but what the dilemma that the remittances caused is a question that also has to be answered for most of the emigration countries. However, these related topics have been underresearched.

Starting from scratch, most of the migrant-sending countries have a strategy to attract the remittances. Opening banks in the recipient country is one of the measures as it has been underlined before. Even at the end of the 19th century, for the Italians who had emigrated to Argentina, banks were opened to channel the migrant remittances (De Rosa, 1986: 384):

> "Not only was this city (Buenos Aires) inhabited by the largest Italian community in Argentina, about one third of all Italian immigrants (i.e. about 200.000 Italians out of a total which, on the eve of the disastrous economic crisis of 1889, was slightly over 500.000) but the Italians living there were to be considered, on the whole both more well-off and more enterprising in the field of the production of goods and services. Indeed, according to the 1887 census, no less than 12.349 of the 34.695 houses existing in the capital were owned by Italians, whereas Argentineans were found to own 15.336."

As the states discovered that it is much profitable to reach the emigrants outside they created their own methods to do it. According to Choate (2007: 728) there were several ways in which the state have reached its emigrants: "the state opened a low-cost channel for remittances through a non-profit bank; promoted Italian language education among Italian families abroad; supported Italian chambers of commerce abroad and subsidized religious missionary work amongst emigrants." Another thing that mattered for the state was if the emigrants were temporary or permanent[22] (Choate, 2007: 739). If they were permanent the state theoretically guarantees that the citizenship is not lost and the transnational ties (even if they are established not on a permanent basis) continue to exist. If the states know that the migrants will be temporary then the chance to return would be encouraged and the immigrants knowing that once they will return they would make investment in their receiving country. This could be achieved via temporary and circular migration policies.

It is amazing to see how much remittances Italy had as a result of the emigration to the US mainly. Why are the remittances important for an economy? It is indicated in the Sopemi (2006) report that "First, remittances are an important source of income for many low and middle income households in developing countries. Second, remittances provide the hard currency needed for importing scarce inputs that are not available domestically and also additional savings for economic development (Ratha, 2003; Quibria, 1997)".

Apart from the advantages denoted above, remittances could influence the local production badly. For the families it could cause moral hazard: Those families who are benefiting from the

[22] Choate (2007: 755): ""Permanent" emigrants could decide at any time to return to Italy, and they were welcome, especially with all their savings from abroad. Given the high rate of return migration, government programs to boost Italian loyalties abroad served domestic, as well as international, priorities for Italy's stability and reputation. Not only remittances, but the promotion of the Italian language, emigrant community organizations, and expatriates' safety and welfare were significant concerns for Italy, as they are for other sending states (Nino-Rodriguez, 2002; Ostergaard-Nielsen, 2003).Italy moved well beyond traditional international diplomatic affairs to intervene directly and indirectly in constructing transnational networks (cf. Portes, 2001)."

remittances in agricultural and rural places might contribute to the local production less (Mouhoud et al., 2006: 10) but in this case as it is underlined if the diminishing local production is caused by remittances or by emigration should be questioned. Another point Mouhoud et al. (2006) makes is that as it was also underlined by Haas in his work, the poorest families are not the ones to migrate most of the time, it is mostly the middle income families who migrate. Therefore, if the remittances reduce poverty or not, has more than one answer (Mouhoud, 2006: 11-12) since those who are living below the poverty line are the ones generally who have no means to emigrate (Haas, 2005). If the family is middle income after a while they might start consuming the imported goods, which can have a negative effect on the production of the local goods. However, if these families are the poorest families, remittances could have a positive effect on the distribution of the household income and on the inequalities (Mouhoud, 2006: 12).

Mouhoud also draws attention to the literature where Chami, Fullenkamp and Jahjah (2003) find that the remittances might lead to lower economic growth (remittances being negatively associated with economic growth) and that it leads to moral hazard problems as well. However, it could also lead to investment as in the case of China (ibid.) which is according to the authors is a very particular case.

What is important about remittances is that it helps one side of economy while it could disrupt the other side of the economy as it has been seen and discussed above. While it increases the imports it also means foreign currency entry to the economy, which has a positive effect as it strengthens the balance of payment (Mouhoud, 2006: 14).

Chami et al. (2006) counter-argue in their paper with the idea that the increase in the household consumption will have a consequence such as poverty reduction and will lead to improved standards of living. Chami et al. (2006: 4) claim that “The presence of remittances alters optimal monetary and fiscal policy.” And fiscal policy can be influenced by the remittances in diverse ways. What are the ways that remittances can influence fiscal policy? Without getting into too much detail about the technical sides, the answer given to this question by Chami et al. (2006) will be deliberated in the next section with the comparisons of these two countries who are both Mediterranean and who have sent emigrants for years and years to the liberal democratic and western countries of the EU.

5. Comparisons and Conclusions

What is seen is that the literature mostly has dealt with the motivations behind remittances. Chami et al. (2006: 33) are one of the first to deal with remittances’ influence on the macroeconomic policy. They indicate that remittances are one type of capital flows even if they are not as strong and as voluminous as the other type of investments. They enumerate the affects of the remittances on the recipient economy as such: “a) represent a stable and reliable source of foreign exchange, b) reduce poverty, c) insure consumption against bad shocks, d) reduce macroeconomic volatility, e) enhance investment in physical and human capital, and f) alleviate credit constraints.” However, they draw attention to the fact that promoting the remittances for the sake of bettering economy might have unintended consequences as well when the state institutions’ involvement in remittances and how they function is considered. Chami et al. (2006: 33) in their work, find out that:

> “Remittances, like capital flows, have both positive and negative economic effects. While remittances increase consumption against some income shocks, they may also contribute to increased macroeconomic risk through higher business cycle volatility. The presence of remittances also changes

> the underlying relationship between labor and output, thereby changing the functioning of the government policy instruments. If the set of policy instruments is not sufficiently varied, this may result in an increased reliance on the inflation tax."

What are the implications for Turkey and Italy of the remittances as these two countries are both important countries of emigration?

Aydas et al. (2005) underlines in his work how important the remittances were for the Turkish case in financing the economy in the 1960s and 1970s. Aydas et al. (2005: 55) says: "According to the State Statistical Institute of Turkey, the ratio of workers' remittances (WR) to total exports was 20 percent in 1970, reached a peak of 90 percent in 1976 and has remained around over 2 percent until 2000. Nevertheless, accounting for about 10 percent of imports since 1990s, WR still appears to be an important financing item." Industrialization policy would be continued with the labor export and the easy revenue as remittances. This was a common policy during the 1970s followed by the Turkish state.

As industrialization took place unemployment occurred on the other hand (Aydas, 2000) and Turkey as an official part of its emigration policy provoked emigration of labor. As Aydas et al. (2005: 56) explains, Turkey had become dependent on the other countries for raw material, semi-factured goods and technological products and it meant that balance-of-payments would have created a serious problem where consequentially hard currency was necessitated. But the 1973 oil crisis affected the remittances negatively. In the 1980s when there was the military takeover, the remittances were in decrease while after the end of 1980s (as there was the devaluation of the Turkish lira in 1980 as well) a new policy was implemented to recover the remittances (Elbadawi and Rocha, 1992) (ibid.).

As it can be seen from graph 5 the share of remittances as a percentage of the GDP starts to fall beginning with the economic crisis in 1997 in Turkey while there is a more gradual decline in the case of Italy in terms of the share of remittances in GDP throughout the years (for Italy the minor fall begins in the first half of the 1990s).

Personal remittances received starts to fall in Turkey after 2002 while there is an increase in Italy in terms of personal remittances received after 2002 and it seems that there is a peak after 2008 in the remittances in the case of Italy. However, as a share of GDP is not reflected which means that remittances do not make a grand part of the GDP even if it has increased after 2008 in significant amounts for Italy (see graph 4). On the other hand, while Turkey seems to be recovering from the crisis in a much better way after a higher GDP fall compared to Italy, Italy is not able to recover in terms of annual GDP growth as faster and as much as Turkey does (see graph 6). In this case, it makes sense that the share of the remittances in GDP was not sufficient enough to cope with the crisis in Italy even if the remittances were quite high. Looking at the three graphs (Remittances as a share of GDP, personal remittances and GDP growth) for the case of Italy it would not be wrong to say that the remittances have not contributed to the economic growth after 2008. This link between remittances and GDP might not count in the post-crisis period and it shows that remittances might have reverse effects or no effects at all. Nevertheless, in order to learn the intricate link between remittances and the GDP for the case of Italy more in-depth research should be conducted.

With the early emigration patterns of Italy to the USA the benefiting from remittances start much earlier than Turkey. In Turkey, when the effects of the remittances become significant is only after 1970s while these years are 1960s for Italy. Turkey was in need to export its labour as a part of its economic development policy as it was highly agricultural during the 1960s accompanied with high unemployment during the 1970s. Paine (1974: 36) indicates that "Despite the high risk attached to the adoption of a mass labor export policy, the achievement of Turkey's development plans was made increasingly dependent on labor export" (Aydas et al. 2005: 55).

Looking at graph 5, Turkish Workers' remittances start to increase after 1970s and the real increase comes after 1990s while there is a peak at 1999 and then there is a fall after that year (Turkey had another economic crisis in 1999). In 1994 and 1997 there were economic crisis and in 1999 the earthquake had devastating effects as well. Turkey started to choose investments rather than remittances, or use remittances as a part of investments as a component of its economic policy.

Looking at the determinants of remittances (the affects of macro-economic policies on the flows) Aydas et al. (2005: 65) had found out that for the 1979-1983 period in Turkey specifically home and host country incomes, black market premium, interest rate differentials, growth, inflation, and periods of military regimes- significantly affect remittance flows. "Among them, the negatively significant effects of black market premium, inflation and military regimes, as well as the positive significant effect of growth, point to the importance of sound exchange rate policies and economic and political stability in attracting remittance flows." (ibid.) The authors also indicate that within this period investment is an important motive to remit, while since 1965 consumption smoothing is an effective motive (ibid.). "Preventing exchange rate misalignments and improving financial intermediation" are important factors to attract emigrants' remittances (ibid.) as they have found.

In the light of the information they had provided, this means that a healthy economy could be able to attract remittances but the adjustment of the policies in order to attract remittances might not work economically. It could be said that a growing economy attracts remittances but it is not only dependent on the domestic factors of the sending country. It is also dependent on the workers' wages and the economic situation of the host country how much remittances are sent.

To sum up, most of the work on remittances have focused on "the wealth-generating capacity of remittances through savings and investment (Adams and Richard 1998), the factors influencing their flow (El Sakka and Mcnabb 1999) and the effects of remittances in the recipient economies at the household level (Arif 1999)" (Orozco, 2002: 43) This paper has dealt with two aspects without getting into the details of effects of remittances at the household level. The shortcomings of the paper was to narrow down the focus especially to the relationship between the effects of remittances and the historical emigration flows. What has been seen was that for both Italy and Turkey remittances had been a great source of revenue for the state during the 1960s till 1980s. However, the increase in FDI and foreign aid, came to the fore after 1980s. As the import substitution policies were replaced by liberalization policies in economics, remittances lost their significance. However, Italy continues to be a remittance-receiving country even if this has not a great influence as a share of the GDP. Turkey, having established its ties with the social networks of immigrants in Germany and in other western European countries continues to receive remittances despite the fall of the share of remittances in GDP since 2000s. This means that there are other wealth-generating effects on the side of Turkey, which are related to privatization, FDI and foreign capital flows through financial markets. Finally, in the twenty-first century where migration has not lost its importance, and continues to be a social fact of life, it will continue to be an economic fact of life as well and it will have new consequences for the states which are transformed through globalization and with the pressure from the citizens which have chosen to be transnational and post-national citizens[23] (Soysal, 1994).

[23] Soysal, Y. (1994) "Limits of Citizenship: Migrants and Postnational Membership in Europe" Chicago University Press

Bibliography

Abadan-Unat (2002) "Migration without End... From Guestworker to Transnational Citizen" Bilgi University, Istanbul.

Abdih, Yasser, C. Ralph, Dagher, J. and P. Montiel (2008) "Remittances and Institutions: Are Remittances a Curse?"

Adams Jr, Richard H. (1998)"Remittances, investment, and rural asset accumulation in Pakistan." *Economic Development and Cultural Change* 47, no. 1: 155-173.

Arif, Ghulam Mohammad. (1999) "Remittances and investments at the household level in Pakistan." *Working Papers & Research Reports*: RR-No.

Aydas, O.T, Kıvılcım, M. Ö. And Bilin Neyaptı (2005) "Determinants of Workers' Remittances: The Case of Turkey" Emerging Markets Finance and Trade, Vol. 4, no. 3, May-June, pp. 53-69.

Barberi, Benedetto (1955) "Statistiche dell'emigrazione Italiana" Homo Faber, 6, 2703-14

Bilgili, Özge (2012) "Turkey's Multifarious Attitude towards Migration and its Migrants" Migration Policy Center Research Report

Birindelli, A. M. (1989) "Aspetti quantitative della presenza straniera in Italia, in La presenza straniera in Italia, Labos (ed.), Roma, Edizioni Ter.

Bonifazi, C., Heins, F., Strozza, S. And M. Vitiello (2009) "Italy: The Italian Transition from an Emigration to Immigration Country" IDEA Working Papers

CDR (2002) The Migration-Development Nexus (Copenhagen: Centre for Development Research). de

Chami, R., Barajas, A., Cosimano, T., Fullenkamp, C., Gapen, M. And P. Montiel (2008) "Macro-economic Consequences of Remittances" Occasional Paper, 259, IMF. Italian Emigration to Argentina and Immigrant Remittances (1850-1908)

Chami, R., Hakura, D. and Montiel, P. (2009) "Remittances: An Automatic Output Stabilizer?" IMF Working Paper, IMF Institute

Chami, R., Thomas F. Cosimano, and Michael T. Gapen (2006) "Beware of Emigrants Bearing Gifts: Optimal Fiscal and Monetary Policy in the Presence of Remittances" IMF Working Paper

Choate, Mark I. (2007) "Sending States' Transnational Interventions in Politics, Culture and Economics: The Historical Example of Italy" IMR Volume 41, Number 3, pp. 728-768.

Commetti, Elizabeth (1958) “Trends in Italian Emigration” The Western Political Quarterly, Vol. 11, No. 4, pp. 820-834.
Cordasco, Francesco (2012) “Bollettino dell’Emigrazione (1902-1927): A Guide to the Chronicles of Italian Mass Emigration” The Center for Migration Studies, Special Issues.
De Haas, Hein (2005) “International Migration, Remittances and Development: Myths and Facts” Third World Quarterly, Vol. 26, No. 8, pp. 1269-1284.
De Rosa, Luigi (1986) “Italian Emigration to Argentina and Immigrant Remittances: (1850-1908)” Journal of Regional Policy, Naples Vol. 6, 1, p. 9-18.
Elbadawi, Ibrahim A., and R. Rocha. (1992) "Determinants of expatriate workers."*Remittances in North Africa and Europe,’World Bank Policy research Working Paper* 1038.

El-Sakka, Mohammed IT, and Robert McNabb. (1999) "The macroeconomic determinants of emigrant remittances." *World Development* 27, no. 8: 1493-1502.

FEMIP (2006), Study on improving the efficiency of workers’ remittances in Mediterranean countries, EuropeanInvestment Bank, Rotterdam, February.

Federici, N. (1979) Istituzioni di demografia, Roma, Elia.
Franz, E. (1994) Population Policy in Turkey, Deutsches Orient-Institut, Hamburg.
Gammeltoft, P (2002) Remittances and other Financial Flows to Developing Countries (Copenhagen: Centre for Development Research).
De Haas, Hein. (2005) "International migration, remittances and development: myths and facts." *Third World Quarterly* 26, no. 8: 1269-1284.

Hollifield, James F. (1992) "Migration and international relations: cooperation and control in the European Community." *International Migration Review*, 568-595.

İçduygu, Ahmet, and Kemal Kirişci, eds. (2009) *Land of diverse migrations: Challenges of emigration and immigration in Turkey*. Vol. 10. İstanbul Bilgi University Press.

Icduygu, A. (2006/7) “Cooperation Project on the Social Integration of Immigrants, Migration and Movement of Persons” Analytic and Synthetic Notes 2006/7 – Demographic and Economic Module, European University Institute.

Icduygu, Ahmet. (2010) "The Consequences of International Migration for Turkey: Myths and Realities." In *Conference on Trans-Atlantic Perspectives on International Migration: Cross Border Impacts, Border Security, and Socio-Political Responses, March*, pp. 4-5.

Keely, C & Bao Nga Tran (1989) Remittances from labor migration: evaluations, performance, and implications, International Migration Review, 23 (3), pp 500- 525.

Kirişçi, Kemal. (2003) "Turkey: A transformation from emigration to immigration."*Migration Information Source* 1.

Mouhoud, E. M., J. Oudinet, and E. Unan. (2006) "Migration and remittances in the Mediterranean basin: the case of Turkey." *Paris, France: Working Paper, CEPN-CNRS* 2006-10.

Orozco, Manuel. (2002) "Globalization and migration: The impact of family remittances in Latin America." *Latin American politics and society* pp: 41-66.

Puri, S & Ritzema, T (1999) Migrant Worker Remittances, Micro-Finance and the Informal Economy: Prospects and Issues (Geneva: ILO).

Quibria, M.G., (1997). International migration, remittances, and income distribution in the source country: a synthesis, Bulletin of Economic Research, Vol. 49, Issue 1, pp. 29-46

Paine, Suzanne (1974) *Exporting Workers: The Turkish Case.* University of Cambridge, Department of Applied Economics, Occasional Paper No. 41. Cambridge

Ratha, D (2003) Workers' remittances: an important and stable source of external development finance, in: World Bank, Global Development Finance 2003, pp 157-175 (Washington: World Bank).

Reniers, Georges. (1999)"On the history and selectivity of Turkish and Moroccan migration to Belgium." *International Migration* 37, no. 4: 679-713.

Surkyn, Johan, and Georges Reniers. (1996) "Selecte gezelschappen: over de migratiegeschiedenis en de interne dynamiek van migratieprocessen."*Bevolking en Gezin* 25, no. themanummer: 41-72.

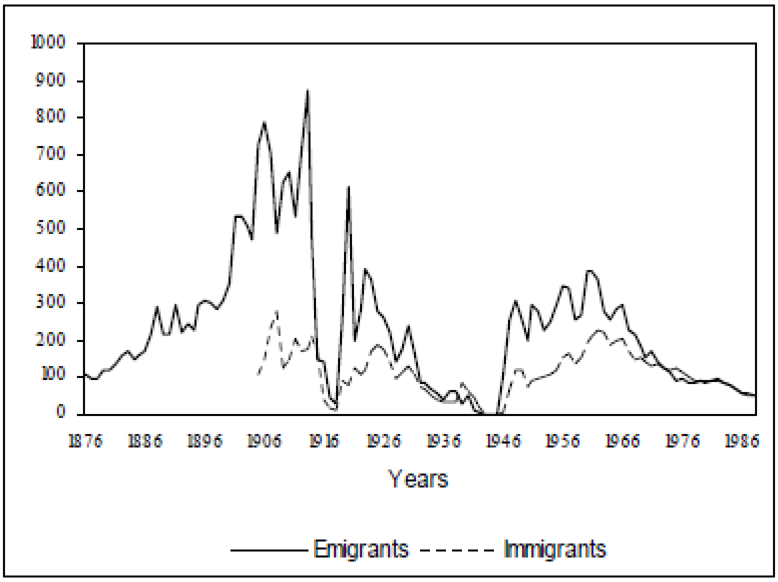
Taylor, JE, Arango, J, Hugo, G, Kouaouci, A, Massey, DS & Pellegrino, A (1996a) International migration and community development, Population Index, 62 (3), pp 397-418.
Taylor, JE, Arango, J, Hugo, G, Kouaouci, A, Massey, DS & Pellegrino, A (1996b) International migration and national development, Population Index, 62 (2), pp 181-212.
The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) (2006) the source country: a synthesis, Bulletin of Economic Research, 49, 1: 29-46.
Vecoli, R. J. (1995). Gale Encyclopedia of Multicultural America. Eds. Judy Galens, Anna Sheets, Robyn V. Young and Rudolph J. Vecoli. Detroit: Gale Research

Websites

http://en.istat.it/istat/eventi/2006/ocse/ocse_migration_report_2006.pdf
http://siteresources.worldbank.org/INTLAC/Resources/Factbook2011-Ebook.pdf
http://www.migrationinformation.org/feature/display.cfm?id=176 accessed on 4th of June 2013.
http://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT

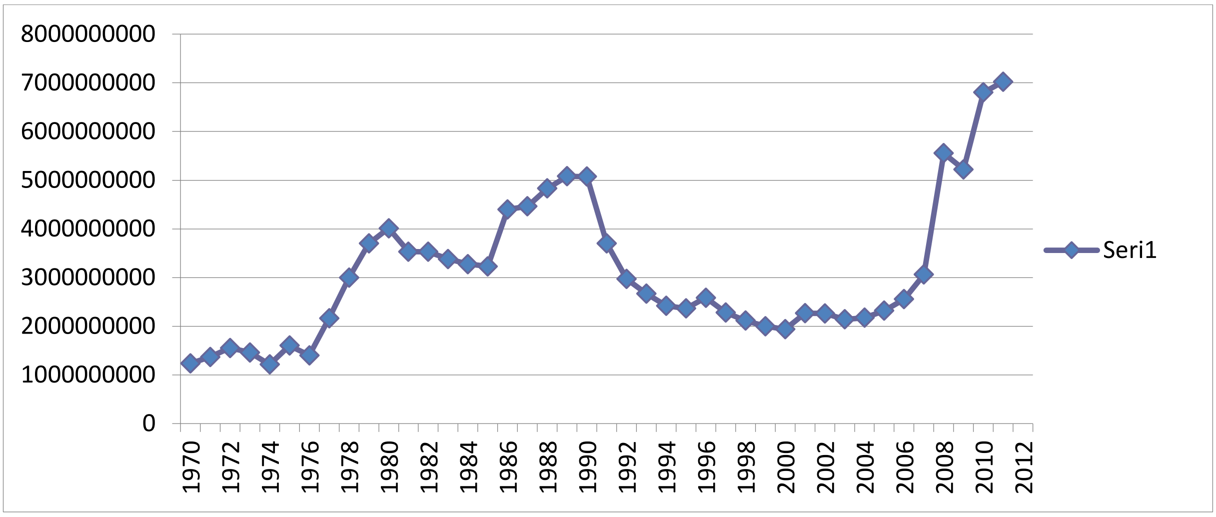
Annex: Graphs and Tables

Graph 1: Migration Flows of Italian Nationals (1876-1988)



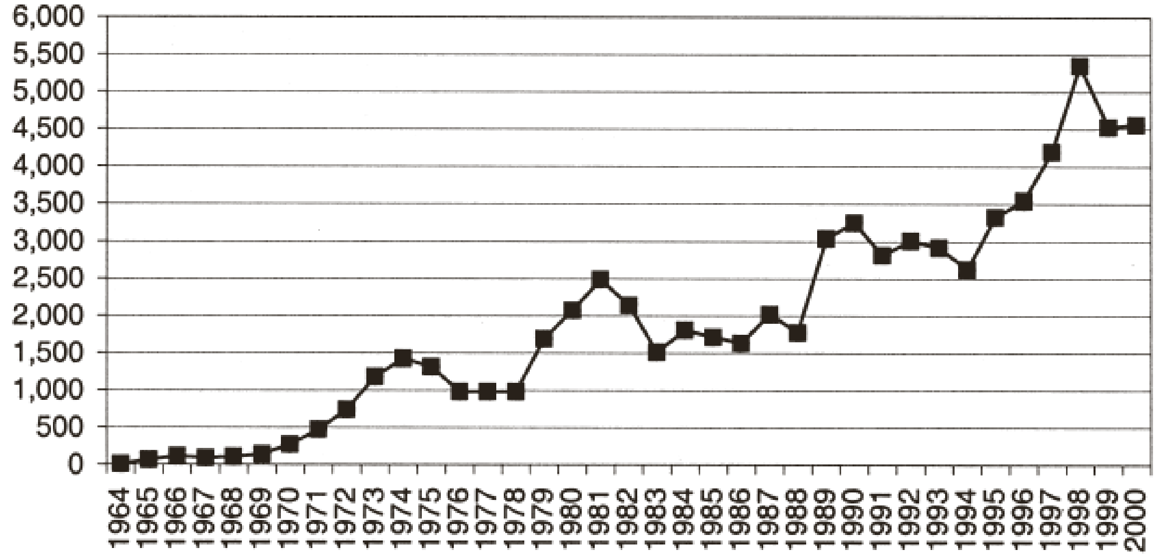
Source: Federici (1979) and Bonifazi and Heins (1996)

Graph 2: Flow of Remittances to Italy between the years 1970 and 2012



Source: Wordbank Data on Remittances, 2012

Graph 3: Turkish Workers' Remittances, 1964-2000 (in US$ millions)



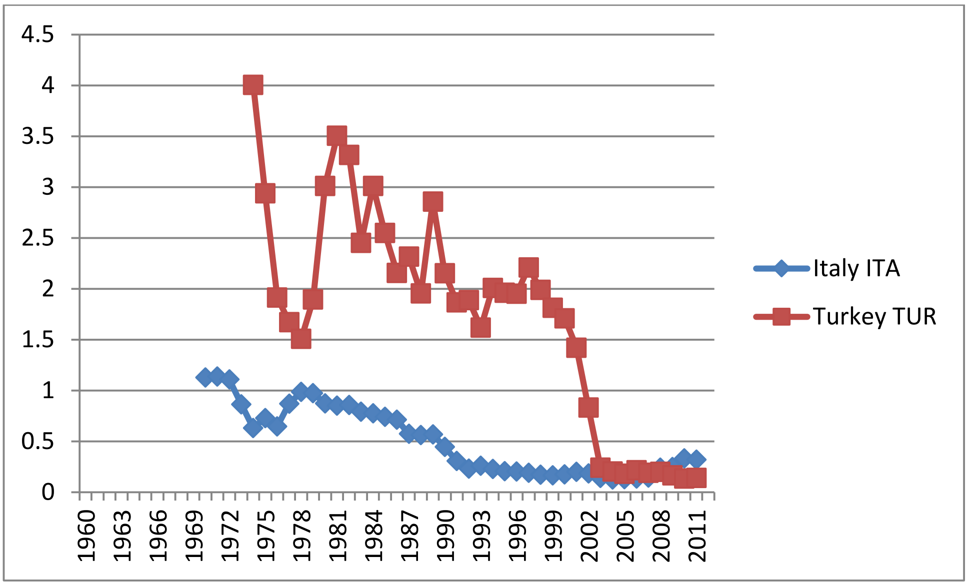
Source: Aydas et al. (2005)

Table 1. Economic Impacts of Remittances on Home Countries: A theoretical Approach (Mouhoud et al. 2006)

	Short term	Long Term
Microeconomic Impacts	-Moral Hazard -Neglect of local production by families	-Reduction of Moral hazard in time (better information) and emancipation (faster for the qualified workers, which also explains relatively less

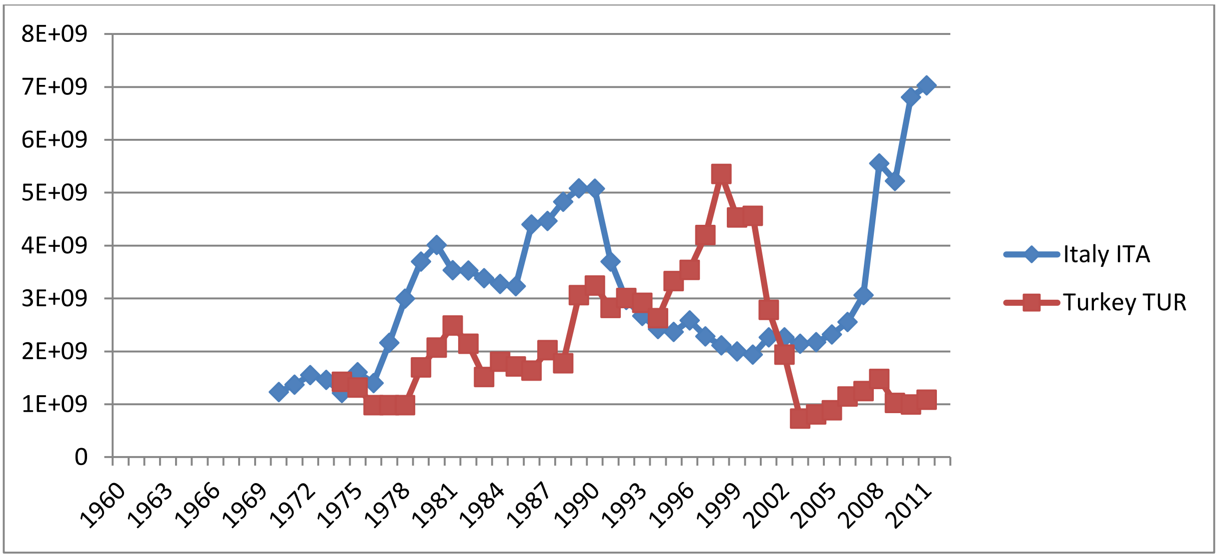
	-Promotion of the access of the poorest population to the local goods and of the less poor ones to the imported goods	important remittances sent by qualified workers) -Opening up of opportunities for children's education -Improvement of the productivity and quality of goods -Augmentation in inequality between families who receive remittances and those who do not
Macroeconomic Impacts	-Impact on consumption and investments -Impact on inflation (if the consumption is more important than the investment) -A stable source of foreign currency -A strengthening effect on balance of payments -Appreciation of local currency and deterioration of balance of trade by augmentation of import	-Impact on investment (complementarily of remittances and FDIs) -Impact on health -Impact on education -Impact on infrastructure (transport, water...) -Impact on convergence between the country of origin and the host country (trade and FDI play a direct or indirect intermediate role) -Risk of Dutch disease and under-industrialisation -Diminution of structural/transitory poverty

Graph 4. Remittances as a Percentage of GDP (Italy and Turkey)



Source: World Bank Remittances[24] Fact Book accessed on http://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT

Graph 5. Personal Remittances Received by Italy and Turkey (1960-2011) (Current US$)



Source: World Bank Data accessed on http://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT

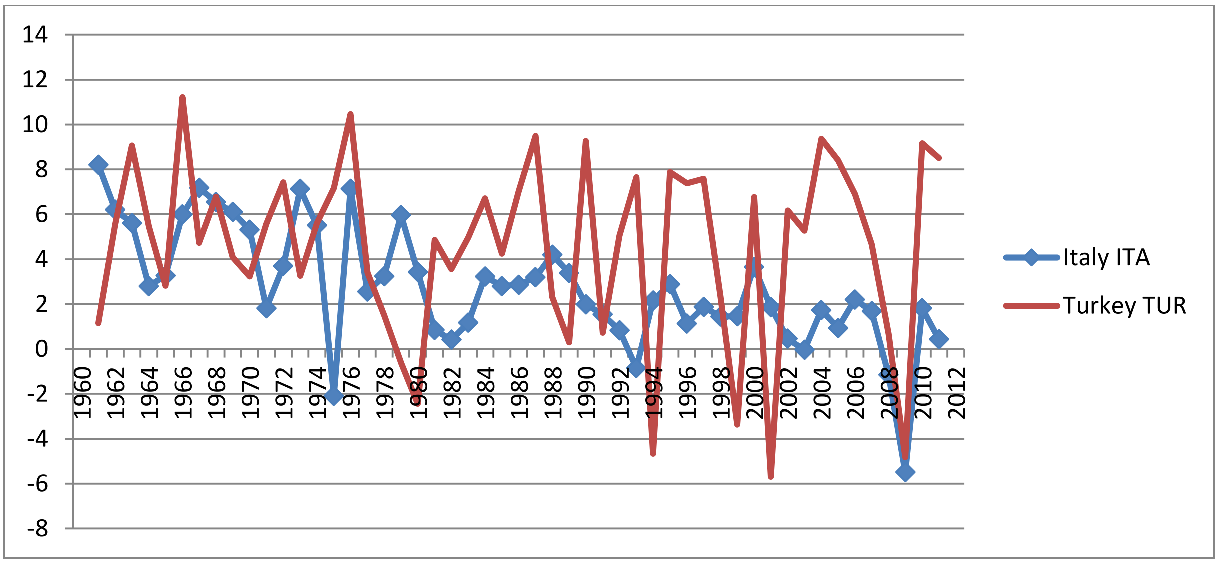
[24] According to the world bank the workers' remittances are composed of three types of flows: workers' remittances (transfers of money by those workers who reside abroad for more than 1 year); compensation of workers (gross earnings of workers residing abroad for less than one year, including the value in-kind benefits, such as housing and payroll taxes); and migrant transfers (net worth of migrants who move from one country to another).

Table 2. Turkey Per Capita Gross Domestic Product 1998-2012

		In current prices					At (1998) prices	
	Mid - year		Growth		Growth			Growth
	population (1)		rate		rate			rate
Year	**'000**	**TL**	**%**	**$**	**%**		**TL**	**%**
1998	62 464	1 124	-	4 338	-		1 124	-
1999	63 364	1 651	46,9	3 907	-9,9		1 071	-4,7
2000	64 252	2 594	57,1	4 130	5,7		1 127	5,3
2001	65 133	3 688	42,2	3 021	-26,9		1 049	-7,0
2002	66 008	5 310	44,0	3 492	15,6		1 099	4,8
2003	66 873	6 801	28,1	4 559	30,6		1 142	3,9
2004	67 723	8 255	21,4	5 764	26,4		1 233	8,0
2005	68 566	9 464	14,7	7 022	21,8		1 320	7,1
2006	69 395	10 929	15,5	7 586	8,0		1 394	5,6
2007	70 215	12 009	9,9	9 240	21,8		1 442	3,4
2008	71 095	13 370	11,3	10 438	13,0		1 434	-0,6
2009	72 050	13.221	-1,1	8 559	-18,0		1 346	-6,1
2010	73 003	15.051	13,8	10 022	17,1		1 450	7,7
2011	73 950	17 549	16,6	10 466	4,4		1 557	7,4
2012	74 855	18 927	7,9	10 504	0,4		1 573	1,0
				(1) Population estimations are based on 2008 Address Based Population Registration				

Source: Turkish Statistical Institute (TURKSTAT)

Graph 6: GDP Growth in Italy and Turkey (Annual %)



Source: World Bank Data accessed on http://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT