

Migration, Remittances and Smallholder Decision-Making: Implications for Land Use and Livelihood Change in Central America

We model Central American migrant-sending household agricultural practices given labor losses and the concomitant infusion of remittances. Under the new economics of labor migration (NELM) framework, smallholder farm households should invest remittances in their land either to increase crop production or to transition to cattle ranching. We test this hypothesis by developing a combination of multivariate logistic, Poisson and beta regression techniques using Latin American Migration Project data to determine how agricultural land use change compared among migrant and non-migrant households in Costa Rica, El Salvador, Guatemala, and Nicaragua. Results indicate that a rise in months spent abroad and remittances returned do not translate into a higher percentage of farm sales, intensification or transition to cattle ranching—counter to NELM. However, farmers are investing remittances to increase row crop and pasture land holdings. These findings suggest that remittance investments result in quantitative increase rather than qualitative change in land use practices.