

Remittances and labor participation in a Developing Country

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Abstract: This article discusses the effects of remittances on the labor force participation. The remittances reduce the probability of participation in labor market because increase the relative price of the leisure. Using the 2008 National Household Survey of Colombia, we found that remittances reduce the probability of participation in the Colombian labor market. We also consider the possibility of that the remittances received by households are potentially endogenous to labor participation and make a IVProbit and FIML estimates and discuss the effects of censored remittances.

Keywords: Colombia, Labor force participation, remittances, endogeneity, censored variables.

Classification JEL: J21, C33.