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Neil Marie Bennett

University of Montana - Missoula, neil.bennett@umontana.edu

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Do Households in Thailand Use Remittances to Account for Lost Income from Environmental Shocks?

Thesis Abstract
Neil Bennett

With the proliferation of global climate change, farmers in economically developing countries find it becomes ever more difficult to meet basic needs. Often times, access to formal insurance markets, such as the markets we see in America today, in developing countries is minimal and households find that they must use informal insurance mechanisms in order to help mediate their risk. My research asks whether households in Thailand send migrants out with the intention of receiving income from these family members in order to account for potentially lost income during years that crop yield is notably lower because of unexpected environmental changes. I answer this question by estimating a two stage least squares model with environmental shocks as the instrumental variable. My project fills the current gaps in the literature by looking at the effects of long-term environmental shocks versus short-term environmental shocks on the change in income from remittances. I also contribute to the current literature by focusing on the impact of migrants that are still living and working within the country but outside of the household.