Migration, Relationship Capital and International Travel: Theory and Evidence

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Abstract
In this paper we consider how international migration is related to the frequency and duration of trips to the home country. For many migrants, international migration triggers a series of trips to visit the home country that allow for a replenishment of the depleted relationship capital with family and friends back home, but these trips incur travel costs and foregone earnings. Given plausible assumptions about the depreciation and replenishment of home country relationship capital, a steady-state level of average maintained relationship capital implies that the optimized travel frequency is inversely related to the distance and the transportation costs, and positively related to the psychological costs of separation. The total time spent at home is increasing in the trip frequency, but with an elasticity that is decreasing in cultural proximity. Empirical evidence in support of these theoretical predictions is found in a unique longitudinal sample of international travel of 13,674 New Zealand citizens and 6,882 UK citizens who migrated to Australia between 1 August 1999 and 31 July 2000.

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