Economic Growth, FDI and Migrant Remittance: Identifying Transmission Channel

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RéSUMÉ

This study investigates the impact of FDI and migrant remittances on economic growth both directly and indirectly through transmission channel. In this respect, we use panel of 52 developing countries over the period of 1990-2017. We apply generalized methods of moments (GMM) for our empirical analysis. Our findings suggest that there is direct link between FDI and economic growth. But, no such a link exists in case of migrant remittances. Furthermore, to check the combined impact of FDI and migrant remittances, we introduce interaction of FDI and migrant remittances. We do not find any significant relation between economic growth and interaction of FDI and migrant remittances. Additionally, we use total factor productivity (TFP) as transmission channel. We find that TFP and FDI are negatively linked whereas the coefficient of interaction of FDI and remittances is not only positive but also statistically significant. The results show strong complementarity between FDI and remittances in terms of promoting productivity growth in the recipient economies.

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