

Financing Development at Home: A Survey Experiment on Diaspora Members

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Migrants and the homeland



Economic ties between migrants and the homeland

- Remittances

- Private transfers

- Kapur 2014; Ratha 2003; Maimbo and Ratha 2005

- Investment

1. Attracting homeland investors to country of residence

- Rauch and Trinidade 2002; Zeitz & Leblang 2020

2. Facilitating investment into the homeland

- Leblang 2010; Pandya & Leblang 2017; Javorcik et al. 2011

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Why invest in the home country government?

Why do migrants invest at home?

1. Specialized information

- E.g. investor home bias

Ahearne et al 2004; De Marco & Machiavelli 2016

2. Affinity or social obligation

- “Impact investing”
- Similar to remittance motivations
- Non-financial determinants of investor behavior

Brooks et al. 2015, Gray 2013

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H3: Invest if higher government support
- * Financial self-interest
H4: Invest based on yield

Research focus: Diaspora bonds



OBJECTIVES OF ISSUANCE OF PBC



Reliance on Pakistani overseas



Balance of payment support & build-up of foreign exchange reserves



Raise financing for critically important infrastructure projects including



Providing attractive investment opportunity



PBC provides the much needed Sovereign investment avenue for overseas Pakistanis to earn a handsome return on investment



Dams



Road Networks



Power Generation



Transmission Projects

Recruiting a relevant sample

- **Community associations**
 - Approximates how bonds would be marketed
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- **Facebook targeting**

- Broader sample of diaspora members
- Targeted based on usage language
 - Indian sample (Hindi), March 2019, N = 204
 - Pakistani sample (Urdu, Pashto, Punjabi), July-October 2020, N = 207

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Participation incentive is chance to win \$100 bond

Recruiting a relevant sample



Pakistani Diaspora Research Study

Published by Lindsay Dolan · September 30 ·



Researchers want to hear from Pakistanis in the U.S. Take our survey for a chance to win a \$100 financial prize!



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Take Our Survey!

Wesleyan University

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Recruiting a relevant sample



[redacted] reason why minority groups are apprehensive about giving identifiable information. Countless academic and policy institutions have gathered data on minority groups under a guise of some kinda relief or value to screw them over, royally. ICE asked immigrants to report to their offices to expedite their immigration to deport when ppl showed up, Tuskegee experiments, post 9/11 profiling horror stories to name a few.

I by no means am suggesting anything of that nature is at play but sharing some insight on why some of us are apprehensive.

Is it possible to learn what hypothesis this research is trying to prove? Why are these goras so interested in our "choti si", economically diverse community?

I by no means am an academic so it's possible these questions aren't appropriate, but I do LOVE history and the idea of someone intentionally researching our community - just wanna be cautious in our current climate



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[redacted] that's understandable.

That's not right. But it's also imp for Pakistan to know it's diaspora in USA. Can help bring money into the country.

Like · Reply · Message · 4w



[redacted] large upside if things are done intentionally 😊

Like · Reply · Message · 4w



Recruiting a relevant sample

“Pakistan is almost bankrupt. Interest rate or The coupon rate should be substantially higher than the prevailing bank rate to consider for investment.”

“This was a great survey and I learned a lot about bonds that I did not know before! I think the initiative by the Pakistani government to sell bonds to Pakistanis living abroad to invest in Pakistan, as development is a brilliant idea and something I am definitely interested in.”

Survey experimental design

Participants watch a video explaining bonds, then answer this question...

Country	Pakistan	U.S.
Rating	(B range)	(A range)
Yield	7%	3%
Maturity	5 years	5 years

If you have to choose one bond to invest in, which one would you choose?

Pakistan bond

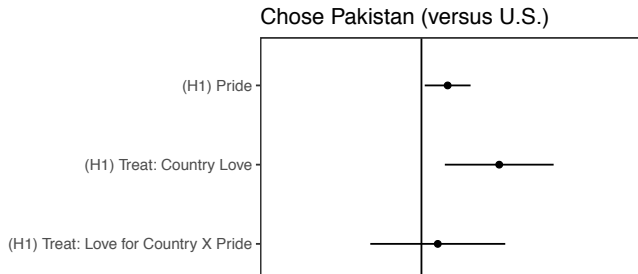


US bond



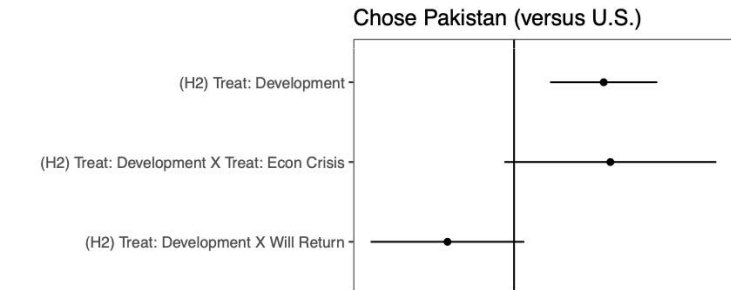
We randomize how bonds are **framed** and whether **politics** or Pakistan's **economic troubles** are mentioned.

Support for national identity as a motivation (H1)



Treat (Country Love): “Investing in the Pakistani government was described as **a sign of love for country.**”

Support for developmental altruism as a motivation (H2)



Treat (Development): "Investing in the Pakistani government was described as **an important contribution to development.**"

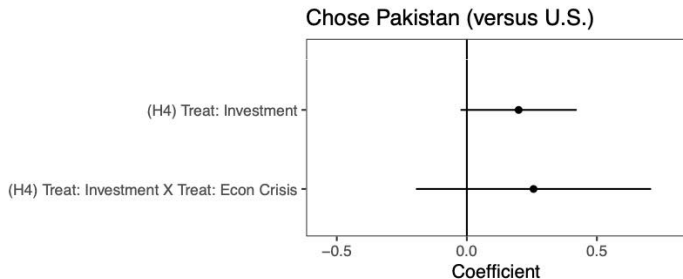
Treat (Econ): "**Note that Pakistan's economy is facing economic difficulties, with a shortage of dollars and rising inflation.**"

No support for political support as a motivation (H3)



Treat (Politics): "... a typical Pakistani bond, **issued by Imran Khan's government.**"

Limited support for financial self-interest as a motivation (H4)



Treat (Investment): “Investing in the Pakistani government was described as a **safe and profitable investment.**”

Treat (Econ): “**Note that Pakistan’s economy is facing economic difficulties, with a shortage of dollars and rising inflation.**”

Findings

- **Main Takeaways**

- Diaspora investors motivated by national pride and development altruism
- Political opinions and financial self-interest not very important
- Implies that migrant investors may be receptive to social appeals from issuing governments

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- **Other Observations**

- Tested comprehension with conjoint survey with Indian sample
- Looked at other comparisons besides U.S.: Brazil, International Bond Index
- Similar patterns in Indian sample

Next steps

- Unlikely to collect additional survey data

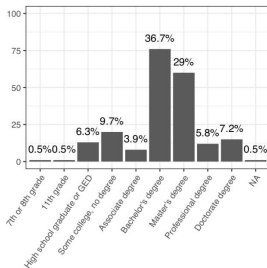
Next steps

- Unlikely to collect additional survey data
- Planning follow-up interviews with survey respondents
 - Random sample?
 - Those with thoughtful comments?
 - The few from community associations?

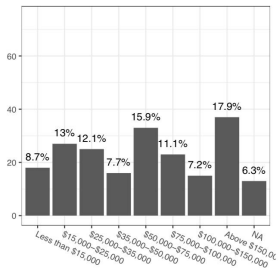
Further slides

Descriptive statistics (Pakistan)

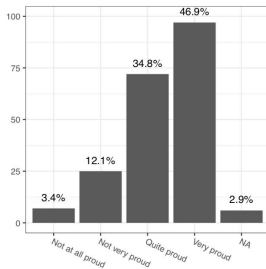
(a) Education



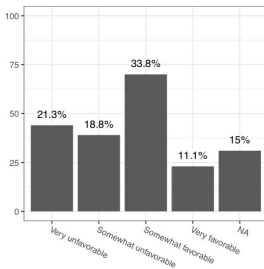
(b) Income



(c) Pride in Pakistan



(d) Opinion of ruling party



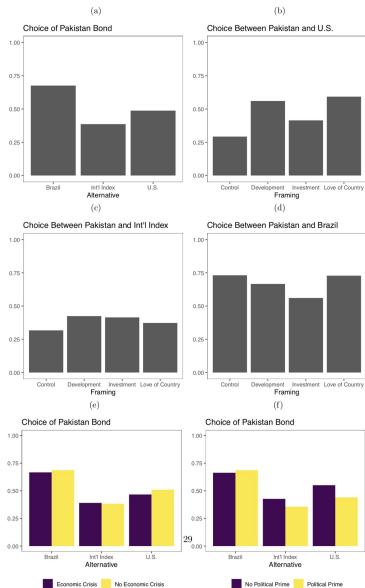
Results (Pakistan)

	Chose Pakistan bond over U.S. bond (0-1)				
	(1)	(2)	(3)	(4)	(5)
Treat: Investment Frame	0.199*	0.324	0.068	0.324	0.207*
	(0.114)	(0.465)	(0.158)	(0.298)	(0.121)
Treat: Country Love Frame	0.299***	0.068	0.232	0.457*	0.380***
	(0.107)	(0.460)	(0.142)	(0.275)	(0.117)
Treat: Development Frame	0.345***	0.566	0.126	0.766***	0.377***
	(0.105)	(0.365)	(0.157)	(0.266)	(0.113)
Return to Pakistan				0.212*	
				(0.120)	
Treat: Politics	-0.123	-0.124	-0.138*	-0.150*	-0.226
	(0.076)	(0.077)	(0.076)	(0.080)	(0.209)
Ruling Party				0.086	
				(0.065)	
Treat: Economy	-0.009	0.004	-0.205	0.014	0.045
	(0.075)	(0.076)	(0.158)	(0.083)	(0.079)
Pride	0.101**	0.120	0.088*	0.123**	0.028
	(0.045)	(0.080)	(0.045)	(0.050)	(0.056)
Treat: Investment Frame X Pride		-0.042			
		(0.145)			
Treat: Country Love Frame X Pride		0.063			
		(0.132)			
Treat: Development Frame X Pride		-0.072			
		(0.110)			
Treat: Investment Frame X Treat: Economy			0.256		
			(0.231)		
Treat: Country Love Frame X Treat: Economy			0.109		
			(0.212)		
Treat: Development Frame X Treat: Economy			0.370*		
			(0.208)		
Treat: Investment Frame X Return to Pakistan				-0.035	
				(0.185)	
Treat: Country Love Frame X Return to Pakistan				-0.100	
				(0.156)	
Treat: Development Frame X Return to Pakistan				-0.256*	
				(0.151)	
Treat: Politics X Ruling Party					0.048
					(0.080)
Constant	-0.470	-0.557	-0.390	-0.956**	-0.680*
	(0.331)	(0.396)	(0.330)	(0.392)	(0.371)
Covariates	Basic	Basic	Basic	Basic	Basic
Observations	183	183	183	158	154
R ²	0.141	0.146	0.159	0.238	0.198
Adjusted R ²	0.075	0.069	0.083	0.151	0.118

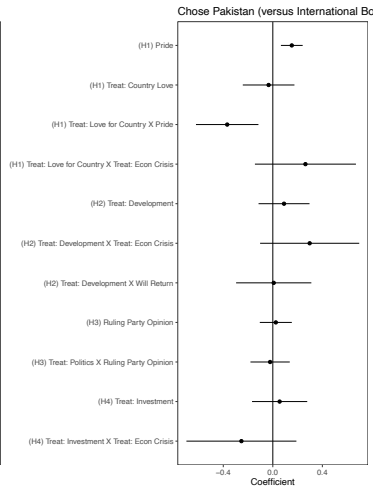
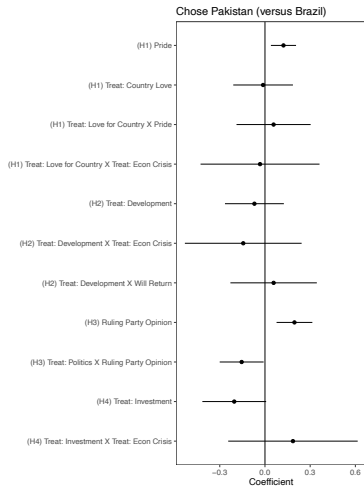
Note:

*p<0.1; **p<0.05; ***p<0.01

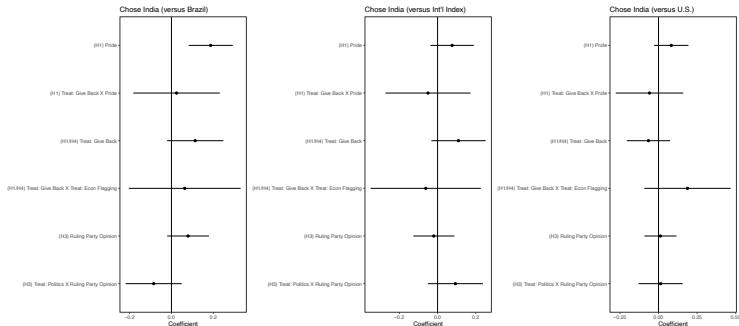
Comparisons to other alternative bonds (Pakistan)



Comparisons to other alternative bonds (Pakistan)



Comparisons to all bonds (India)



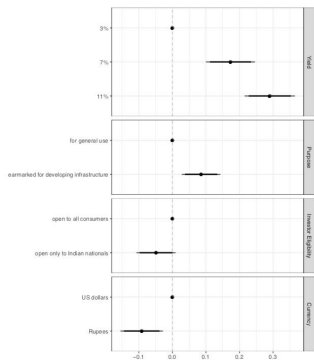
Treat (Give Back/Investment): “So you can think about bonds as **opportunities to give back/investment opportunities.**”

Treat (Politics): “**Also, think about how the current government will manage this money.**”

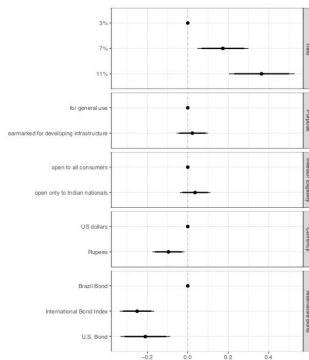
Treat (Econ): “Keep in mind that the economy in India is currently **booming/flagging.**”

Conjoint (India)

(a) Comparing between Indian bonds



(b) Comparing between Indian and alternative bonds



Note: Figures indicate ACMEs obtained by regressing bond selection on characteristics of bonds. Unit of observation is the bond. In rounds 1-3 (panel A), respondents compared between Indian bonds, resulting in two bond observations per round. In rounds 4-6 (panel B), respondents compared between Indian bonds and alternative bonds, resulting in one (Indian) bond observation per round (the comparison bond is treated as an additional bond-specific feature). Regressions include no covariates. Standard errors are clustered by respondent.