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**Remittances, Spending and
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Remittances, Spending and Political Instability in Ukraine

Iuliia Kuntsevych *

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Abstract

This paper analyzes remittances sent by Ukrainian emigrants to their country of origin. It explores the dependence on remittances of a household's spending on human capital, savings and donations, against the backdrop of the political situation in Ukraine in 2004. The paper also explores the effect of the political instability in Ukraine on how the households receiving remittances used them. The results of a Ukrainian Longitudinal Monitoring Survey (ULMS) are used to explore households' decision to spend on human capital development, save, or donate money; depending on their political views and future expectations. The main hypothesis tested is whether the individuals who supported and/or were involved with the Revolution ("pro-orange"), and who were optimistic about the future of Ukraine after the Orange Revolution, saved/donated more money than those who did not support the Revolution ("pro-blue-white"). In addition, the level of influence of remittances received from relatives or friends outside Ukraine on decisions to save and donate money is analyzed. The results show that the political views of respondents do not have a significant effect on decisions to save and/or donate money. However respondents' political orientations do have a significant effect on the probability of receiving remittances - those who voted for "pro-orange" have a lower probability of receiving remittances from outside the household.

Keywords: remittances, remittance behavior, Ukraine, Orange Revolution, international migration

JEL code: F22, F24, O19

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1. Introduction

According to the World Bank Outlook Report 2015, remittances are one of the largest sources of external financing for developing countries. In 2015, remittance inflows to developing countries were over \$ 430 billion, a level that was expected to increase to \$ 516 billion by 2016 (World Bank, 2016). In terms of economic development, one of the main questions, aside from the key determinants of the size of remittances, is: how are remittances spent in the receiving country? Are these cash flows fully spent on consumption, or are they partially saved, spent on the development of human capital or possibly even donated?

Researchers and policymakers tend to have diverse and rather pessimistic views on how remittances are actually spent, as well as their impact on economic development (Ratha, 2013; Adams, Cuecuecha, and Page, 2008). A widespread belief is that migrants do not have a strong desire to invest in productive enterprises in their home country, but instead tend to invest their money in consumption (De Haas, 2005). The European Investment Bank (2006) states that remittances are mainly spent on “daily expenses and therefore do not have large developmental impact” (p. 104). Generally, there are several notions about the expenditure channels and the economic influence of remittances in the receiving country. Firstly, remittances are assumed to be spent at the margin; no difference exists between remittance income and other types of income. A second notion is based on the fact that remittances might cause changes at the household level, which might in turn decrease their development impact at the national level. The third notion holds that remittances have a positive effect on individual investments in human and physical capital. Political instability, internal shocks and social conflict generally create significant uncertainty about the determinants that are crucial to investment decisions. Government turnover can impact investment decision and lead to an unstable incentive and policy framework (Horowitz, Hoff, and Milanovic, 2009; Li, 2009). Also, an unstable political situation can lead to economic environments that decrease remittances (Aydas, Metin-Ozcan, and Neyapti, 2005; Alesina and Perotti, 1996) and, as a result, change household expenditure patterns.

Ukraine is a leader in terms of receiving remittances in the CEE region. In 2015, officially recorded international remittances to households in Ukraine were more than \$ 5 billion (National Bank of Ukraine, 2015). This sum has decreased in comparison with previous years. For example, in 2013, remittances to Ukraine peaked at more than \$ 8.5 billion. Moreover, Ukraine experienced major political changes in relatively recent history. Fraud in the 2004 Presidential Elections led to the Orange Revolution, and, as a result, a major change in political powers, that had a significant influence on Ukrainians’ expectations about the future of their country (Goncharuk, 2007). The Orange Revolution was a turning point not only in the history of Ukraine, but also the most significant political event in Eastern Europe since the fall of the Berlin Wall in 1990. Falsification of results during the

second round of the presidential elections caused a wave of massive protests and started a period of political transformation in Ukraine (D'Anieri, 2005). The Revolution was about political development toward an “open society” and change of political regime in Ukraine (Arel, 2005). Moreover, the economic orientation of Ukraine changed after the results of the 2004 Presidential Election, as did the economic expectations of Ukrainian emigrants. The Orange Revolution and its consequences can be seen as a natural experiment, as it influenced two major parts of Ukraine (Eastern and Western Ukraine, divided by the Dnipro river) in different ways.

According to a poll conducted by the Kiev Institute of Sociology, a week after the final round of the Presidential Elections in 2004, the majority of Ukrainians (67%) expressed either trust or hope towards the newly elected president Yushchenko. However, Western and Central regions of Ukraine showed the largest degree of trust in Ukraine's new leader (86% and 85% respectively), followed by the Southern regions (54%). The only regions which expressed the largest uncertainty and lack of trust in the President's ability (trust Yushchenko - 39%, do not trust 46%) were in the East (DI/KIIS, 2005). The economic expectations of Ukrainian emigrants who were following the events in Ukraine during the elections in 2004 from abroad might also reflect similar patterns. Emigrants from Eastern regions of Ukraine might have been uncertain about the political and economic situation in Ukraine after the Orange Revolution and may have had a larger desire to financially help their relatives in Ukraine. On the other hand, emigrants from Western Ukraine, who might have had more optimistic expectations for Ukraine's future, might have started to send larger sums of money expecting it to be saved, or possibly invested in Ukraine (e.g. opening new businesses, investing into bonds/real estate, etc.).

This paper explores the dependence of an individual's spending on human capital, savings and donations on the remittances, and the probability of receiving remittances, from against the backdrop of the political situation in Ukraine in 2004. The results of the nationally-representative household survey in Ukraine (Ukrainian Longitudinal Monitoring Survey) are used to explore individual's decision to spend on the human capital, save or donate money, depending on their political views and future expectations. The main hypothesis to be explored is whether the individuals who supported/were involved in the Orange Revolution (“pro-orange”) and were optimistic about the future of Ukraine, saved/donated more money than those who did not support the Revolution (“pro-blue-white”). Moreover, the level of influence of remittances received from relatives or friends outside of Ukraine on the individuals' decision to save and donate money is analyzed.

2. Literature review

Increases in the size of migrants' remittances led to greater attention to their potential role as an important source of investment and foreign currency (World Bank, 2005; Ratha, and

Mohapatra, 2007; Ratha, 2007). In addition, the dependence of investment and economic growth on remittances has also been given the subject of attention (Djajic, 1986, 1998; Nikas, and King, 2005; Kireyev, 2006; Vargas-Silva, and Huang, 2006). Much of the existing literature on remittances and investments provides analyzes of the dependence of savings, investments, financial development, and economic growth on the remittances received (Adams, 2007).

Spending patterns of remittance earnings has become a lively topic for research over the last decade. McKenzie and Sasin (2007) argue that researchers should try to determine whether remittances are spent mainly on consumption or on investment. Chami, Fullenkamp, and Jahjah (2003) identify three stylized facts of remittances: The first is that “a significant proportion, and often the majority, of remitted funds are spent on consumption” (Chami et al, 2003, p. 8). Secondly “a significant, though generally smaller, part of remittances does go into uses that we can classify as saving or investment”, and thirdly “the household saving and investment that are done using remittances are not necessarily productive in terms of the overall economy” (Chami et al, 2003, p. 9).

The majority of papers on the remittances topic support the first two stylized facts by Chami et al, (2003). For example, Tabuga (2007) uses a household survey in the Philippines and provides mixed evidence of the impact of remittance inflows. The study finds that a large proportion of transfers from abroad is usually spent on everyday consumption, e.g. consumer goods or leisure, but in addition, remittance inflows are spent on education and housing.

In other research, supporting the second stylized fact, Castaldo and Reilly (2007) underline that Albanian households which receive international remittances tend to spend a significant part of the money inflows on durable goods and utilities and less on food consumption, compared to households not receiving remittances. In more detail, a greater amount of household expenditures are spent on investment-type goods. As later found by Taylor and Mora (2006) “investment is higher in households with migrants than in those without migrants, while the proportion of consumption expenditure is lower” (Taylor and Mora, 2006, p. 21).

These results are also confirmed by the findings in a paper by Zarate-Hoyos (2004), who explores data from Mexican households and finds that households spend a significant part of their remittances on investments. Moreover, the author adds that the possible difference in consumption patterns for urban and rural areas might be explained by the basic lack of infrastructure, rather than individual characteristics.

The second stylized fact is also supported by the IMF World Economic Outlook (IMF, 2005), which states that remittances have a positive effect on the level of personal investments in human and physical capital. On the other hand, Clement (2011), in his research on Tajikistan, finds that neither internal nor external remittances have a positive effect on any particular category of investment expenditure. No significant impact of remittances on

human capital investment was found by Cattaneo (2012) in the case of Albania. However, many studies with a different research context find evidence that remittances and migration have a significant positive effect on education expenditure. For example, Kifle (2007) explores data for Eritrea and finds that households receiving remittances from abroad tend to spend more on education compared to households that do not receive remittances.

Political instability, high risks and low levels of law and order and other general risks in a remittance-receiving country create a detrimental environment for investment (IMF, 2005). However, remittances are more needed during crises, so this may increase the amount of remittances. Moreover, investment opportunities in the receiving and sending country might also have an effect on remittances. A higher probability of investment return in the receiving country might increase migrants' willingness to invest in their home country and influence the size of the remittances sent (IMF, 2005). The empirical analysis presented in this paper is in line with the previous studies and is applied to Ukraine, a country with a high level of international remittances.

3. Empirical methodology

A major change in political powers in Ukraine in 2005 after the Orange Revolution may have stimulated individuals to support Ukraine's economy by saving and expecting profit opportunities. The main research question considered is whether an individual's (receiver or non-receiver of remittances) political orientation during the transition period in Ukraine in 2004 influenced his/her decision to save, donate and/or spend money on education. I analyse whether the individuals who supported the Orange Revolution and the new government were optimistic about Ukraine's economic environment and therefore saved/donated. Further, I investigate the influence of general characteristics of an individual, including region of origin, education, age, age², language, possible relatives outside of Ukraine etc., on the size of remittance inflows obtained.

In order to interpret the probability of obtaining remittances from abroad, the following equation, similar to Merkle and Zimmermann (1992) is used:

$$\begin{aligned}
Remit_i = & \alpha_1 Polit_Act_i + \alpha_2 Third_Round_i + \alpha_3 Pers_Attit_i \\
& + \alpha_4 Paid_for_education_i + \alpha_5 Paid_for_trainclass_i + \alpha_6 Satis_Mon_Inc_i \\
& + \alpha_7 Moved_Out_HH_i + \alpha_8 Emigrated_before_2004_i \\
& + \alpha_9 Emigrated_before_2007_i + \alpha_{10} \log(Income_i) + \alpha_{11} Z_i + u_i
\end{aligned} \tag{1}$$

$$E(u_i | x_1, \dots, x_k) = 0$$

in which i is an individual's index, $Remit$ is a dummy variable showing whether an individual received remittances from abroad, and it equals one if the respondent obtained

some remittances and zero otherwise; *Polit_Act* is a binary variable that equals one if the respondent was involved in political activities; *Third_Round* is a binary variable that equals one if the person voted during the third round of the Presidential Elections (December 26, 2004); *Pers_Attit* is a dummy variable which equals one in the case that the respondent has “more or less agreed with the “pro-orange side” and zero if the responder “more or less agreed with the “pro-blue –white side”. Expenditure on human capital is defined by two dummy variables *Paid_for_education* and *Paid_for_trainclass* - they are equal to one if the respondent spent any money either on education, or on a training class sometime during the 30 days before the interview, respectively, and equal to 0 otherwise; *Satis_Mon_Inc* is a binary variable which equals one if the respondent specified that he is satisfied with his/her monthly disposable personal income, and equals zero otherwise;¹ *Moved_Out_HH* is a dummy variable which equals one if at least one ex-household member moved out of the household to another city inside Ukraine, and 0 otherwise; *Emigrated_before_2004* is a dummy variable which equals one if somebody emigrated from the household before 2004,² and 0 otherwise; *Emigrated_before_2007* is a dummy variable which equals one if somebody emigrated from the household before 2007,³ and 0 otherwise; *Income* is a variable which equals respondents stated income for 12 months, Z is a vector of exogenous individual characteristics which most likely affect the emigrant’s decision to invest, including age, gender, number of children in the household, language.⁴

In addition to *Moved_Out_HH*, another dummy variable was considered – *Moved_Outside_HH*, which equals one if at least one household member moved out of Ukraine since 2004 (previous interview) and 0 otherwise. Moreover, *Emigrated_before_2004* and *Emigrated_before_2007* variables were not estimated in the model together with the *Moved_Out_HH* and *Moved_Outside_HH* dummy variables.

There are two main hypotheses that will be tested. The first is $H_0 : \alpha_3 = 0$. It explores whether a respondent’s views/attitudes towards the political situation in Ukraine have a significant influence on the possibility of him/her obtaining remittances from friends/relatives abroad. It might be the case that relatives/friends and a respondent had different political preferences, thus decreasing the probability of obtaining remittances. The second hypothesis is $H_0 : \alpha_4 = 0$. It checks the dependence of remittances on the respondent’s investments in human capital. The possible dependence might be explained by the fact

¹ Question: “We are interested in what extent you are satisfied with some aspects of your life. Please tell me, to what extent you are satisfied or dissatisfied with the level of your monthly disposable personal income.”

² This information was taken from the second wave survey and the question asked was “Please tell me why is [NAME AND PATRONYMIC] living separately?”, meaning whether somebody emigrated from the household before the Orange Revolution.

³ This information was taken from the third wave survey and the question asked was “Please tell me, why is [NAME AND PATRONYMIC] no longer a member of your household?”, meaning whether there is someone who emigrated from the household after the Orange Revolution but before 2007.

⁴ *Language* is a dummy variable that equals one if the immigrant speaks Ukrainian and zero if the respondent’s language is Russian.

that relatives/friends abroad might send larger sums if there is a child in a household and the sender expects that money will be spent on the child's education. Lastly, respondents "participation" in donations and financial aid to others was checked.

In order to check the household's expenditure structure the following equations, modified from Merkle and Zimmermann (1992) will be estimated:

$$\begin{aligned}
Saved_i &= \gamma_1 Remit_i + \gamma_2 Polit_Act_i + \gamma_3 Third_Round_i \\
&+ \gamma_4 Elect_Satisf_i + \gamma_5 Ukr_Sit_i + \gamma_6 Optimist_i + \gamma_7 Pers_Attit_i \\
&+ \gamma_8 Relatives_Attit_i + \gamma_9 Satisf_Mon_Income_i \\
&+ \gamma_{10} Satis_Fin_Prosp_i + \gamma_{11} X_i + \varepsilon_i
\end{aligned} \tag{2}$$

$$E(\varepsilon_i | x_1, , x_k) = 0$$

$$\begin{aligned}
Donated_i &= \beta_1 Remit_i + \beta_2 Polit_Act_i + \beta_3 Third_Round_i \\
&+ \beta_4 Elect_Satisf_i + \beta_5 Ukr_Sit_i + \beta_6 Optimist_i + \beta_7 Pers_Attit_i \\
&+ \beta_8 Relatives_Attit_i + \beta_9 Satisf_Mon_Income_i \\
&+ \beta_{10} Fin_Prosp_i + \beta_{11} X_i + \epsilon_i
\end{aligned} \tag{3}$$

$$E(\epsilon_i | x_1, , x_k) = 0$$

$$\begin{aligned}
Paid_for_education_i &= \delta_1 Remit_i + \delta_2 Polit_Act_i + \delta_3 Third_Round_i \\
&+ \delta_4 Elect_Satisf_i + \delta_5 Ukr_Sit_i + \delta_6 Optimist_i + \delta_7 Pers_Attit_i \\
&+ \delta_8 Relatives_Attit_i + \delta_9 Satisf_Mon_Income_i \\
&+ \delta_{10} Satis_Fin_Prosp_i + \delta_{11} X_i + \omega_i
\end{aligned} \tag{4}$$

$$E(\omega_i | x_1, , x_k) = 0$$

$$\begin{aligned}
Paid_for_training_classes_i &= \eta_1 Remit_i + \eta_2 Polit_Act_i + \eta_3 Third_Round_i \\
&+ \eta_4 Elect_Satisf_i + \eta_5 Ukr_Sit_i + \eta_6 Optimist_i + \eta_7 Pers_Attit_i \\
&+ \eta_8 Relatives_Attit_i + \eta_9 Satisf_Mon_Income_i \\
&+ \eta_{10} Satis_Fin_Prosp_i + \eta_{11} X_i + \phi_i
\end{aligned} \tag{5}$$

$$E(\phi_i | x_1, , x_k) = 0$$

in which i is an individual's index, *Saved* is a binary variable that equals one if the respondent saved money during the last 12 months; *Donated* is a binary variable that equals one if the respondent made any donations to public foundations/churches/religious or-

ganizations; Education is represented by two dummy variables: *Paid_for_education* and *Paid_for_trainclass* - which equal one if the respondent spent anything on education or training during the 30 days prior to the interview, and zero otherwise; *Elect_Satisf* is a variable which shows the respondent's satisfaction with the final resolution of the political events in 2004;⁵ *Ukr_Sit* is a variable which shows the respondent's attitude towards the general situation in Ukraine after the final stage of the Presidential Elections in 2004; *Optimist* is a dummy variable which equals one if the respondent is optimistic about Ukraine's future and zero if he/she is pessimistic; *Relatives_Attit* is a dummy variable which equals one if the respondent's relatives "more or less agreed with the "pro-orange side" and zero if they "more or less agreed with the "pro-blue-white side"; *Satis_Fin_Prosp* is a binary variable which equals one the respondent specified that he/she is satisfied with his/her financial prospects, and zero otherwise.⁶ X is a vector of exogenous individual characteristics, which most likely affect the emigrant's decision to invest, including age, gender, language, region of current residence,⁷ number of children in the household.

Questions referring to the *Satis_Mon_Inc*, *Ukr_Sit*, *Satis_Fin_Prosp*, *Optimist* and *Elect_Satisf* variables are categorical with answers ranging from 1 to 5 (1 being the worst, and 5 being the best answer). Dummy variables were made in the following way: category 3 is considered the cutoff, answers 1 and 2 formed a dissatisfied/pessimistic group, and answers 4 and 5 are full satisfaction/optimism.

According to the models (2 - 5) there are two main hypotheses to be tested. The first is $H_0 : \beta_6 = 0$ or/and $\gamma_6 = 0$ or/and $\delta_6 = 0$ and/or $\eta_6 = 0$. The research question explored by analysing this hypothesis is whether the respondents who felt optimistic about Ukraine's future after the Orange Revolution and the final stage of the presidential elections saved more money or donated to charitable organisations. In the case of optimistic expectations of the country's future, many people invest in by buying bonds/shares, saving money etc. The second hypothesis tested is $H_0 : \beta_7 = 0$ or/and $\gamma_7 = 0$ or/and $\delta_7 = 0$ and/or $\eta_7 = 0$. The research question examined is whether a respondent's attitude towards the winning "side" has a significant effect on the decision to save/donate. Moreover, the *Remit* coefficient ($H_0 : \beta_1 = 0$ or/and $\gamma_1 = 0$ or/and $\delta_1 = 0$ and/or $\eta_1 = 0$) shows the effect of remittances on the respondent's decision to save/donate money.

⁵ Question: "To what extent were you satisfied with how the political event was resolved by January 2005?"

⁶ Question: "Please tell me to what extent you are satisfied or dissatisfied with your financial prospects for the future."

⁷ *Region* is a dummy variable that equals one if the respondent lives in Western Ukraine and zero if in Eastern.

4. Data description

Data source

Data from the Ukrainian Longitudinal Monitoring Survey (ULMS) is used. The data was collected during three waves of a survey in the program “Labor Markets in Emerging and Transition Economies” by the Institute for the Study of Labor (IZA). The ULMS currently consists of data samples for three waves: 2003, 2004 and 2007. The study uses the third wave dataset, due to structure of the survey, explained below.

The main blocks in the household and individual sections of the ULMS is described in Tables 1 and 2 (Lehmann, Muravyev, and Zimmermann, 2012). Table 1 shows the main blocks in the household questionnaire by wave. Table 2 shows the content of the individual section of the survey by wave. In wave 3, two additional topics were added, one on the 2004 Presidential Elections (the Orange Revolution) and the Remittances section. Due to the specification of the research question, only wave 3 is used. In order to create a specific dummy variable (*Emigrated_before_2004*), partial data from wave 2 is also used.

Table 1: Main blocks in the household questionnaire by wave

Block of questions	ULMS 2003	ULMS 2004	ULMS 2007
Structure of household	X	X	X
Housing Conditions	X	X	
Household Assets, Income and Expenditures	X		
Household Assets and Income		X	
Household expenditures		X	X
Housing Conditions and Household Assets			X
Land Use and Home Production			X
Household Income			X
Saving and Borrowing			X
Transfers and Remittances			X

As outlined above, the dataset for the third wave (2007) is used, because it includes two new modules in the individual survey: a module on the political attitudes of people in connection with the Orange Revolution as well as a module on risk and time preference attitudes of individuals (Lehmann et al, 2012). Answers to the questions on political attitudes in the survey show the participation of Ukraine’s residents in the Orange Revolution, and they detect information on the motivation of respondents. Respondents were also asked to reveal their political preferences, i.e. whether they supported the Orange Revolution or whether they sympathized with the Blue-White party. Moreover, respondents were asked about their views regarding the future political and economic prospects of Ukraine. The

Table 2: Main blocks in the individual questionnaire by wave.

Block of questions	ULMS 2003	ULMS 2004	ULMS 2007
Main job and second jobs in the reference week	X	X	X
Unemployment and job seeking in the reference week	X	X	X
Main jobs in 1986, 1991, 1997, 1998-2003	X		
Non-employment in 1986, 1991, 1997, 1998-2003	X		
Main jobs since the last wave		X	X
Non-employment since the last wave		X	X
Education and skills	X	X	X
Skills			
Studies and skills			
Employment skills			
Changes of residence in 1986-2003	X		
Changes of residence since the last wave		X	X
Attitudes, health, and ecology	X	X	
Attitudes, expectations, health, ecology and the Presidential elections in 2004			X
Attitudes, expectations, health and contact			
Section for women only. Maternity history			X
EST Reading Exercises (STEP module)			

list of political questions regarding the Orange Revolution and Presidential Elections in 2004 was obtained from the Individual Questionnaire and can be found in the Appendix.

The initial ULMS sample (Wave 2003) includes 8,641 working age individuals in 4,055 households. The third wave survey used includes 6,774 individuals in 3,101 households. There were no additions to the sample between the second and third waves, but new households might appear due to household changes (marriages, children enter the survey at the age of 15 etc.).

Individual and household datasets are merged using a household code for 2007 as a corresponding point. Several dummy variables are created, and the data cleaned of empty variables so the size of the data sample, is reduced to 3,084 observations. We examine household expenditures on savings, payment for higher education establishments and donations. The list of questions regarding a household's expenditure in the ULMS is pre-

sented in the Appendix. In order to estimate the model, the section on remittances and other transfers to the household is used. The list of questions from the ULMS Household questionnaire is also presented in the Appendix.

Definition of variables

The dependent variables are *Remit* (whether a household received any financial support or remittances from non-members of the household), *Saved* (whether a respondent saved money in 2007) and *Donated* (whether the respondent saved/donated money in the 30 days prior to the interview). *Education* is defined by two variables: *Paid_for_education* and *Paid_for_trainclass*, meaning whether respondents spent anything on either of these during the 30 days prior to the interview.⁸ Table 3 presents some descriptive statistics for the main outcome variables including respondents' political views and region of residence.

The explanatory variables include the set of Orange Revolution characteristics (political views, participation in political activities, satisfaction with the election results etc.), personal characteristics (gender, age, language, region, number of children in the household etc.) and the household's financial situation (financial prospects, monthly income, etc.). Remittances received are also a binary variable, which shows whether the household received remittances from a non-member of their household in the 12 months prior to the interview. Explanatory variables for Remittances are similar to those from the main regression. Two more explanatory variables for the remittances were added. The first is the *Moved_Out_HH* dummy variable, which equals one if at least one member moved out of the household (inside Ukraine) since the last interview (during the previous 3 years). Alternatively, the second possible explanatory variable is *Moved_Outside_HH*, which equals one if at least one member moved out of the household outside Ukraine in the previous 3 years. In addition to these two dummy variables, an explanatory variable showing whether someone emigrated from the household before 2004 or before 2007 is added.

The region variable was created in the following way: the Autonomous Republic of Crimea with Dnipropetrovsk, Donetsk, Kherson, Kharkiv, Luhansk, Odessa, Mykolaiv, and Zaporizhzhia oblasts constitutes the Eastern region, whereas Cherkasy, Chernihiv, Chernivtsi, Ivano-Frankivsk, Khmelnytskyi, Kiev, Kirovohrad, Lviv, Poltava, Rivne, Sumy, Ternopil, Vinnytsia, Volyn, Zakarpattia and Zhytomyr oblasts are considered to be the Western region (Figure 1 in Appendix).

Birch (2000) states that residents of the industrialized and heavily Russian east of Ukraine have been found to be more left-wing and pro-Russian in their political orientations and voting proclivities, whereas those of the more agricultural and ethnic Ukrainian west tend to favor market reforms and closer ties with the [European] West (Birch, 2000, p. 1017). The difference in political orientations of Eastern and Western Ukraine led to

⁸ The respondent's decision to buy bonds/securities in 2007 was planned to be an outcome variable, but after the data was obtained it was dropped due to lack of observations.

Ukraine's division during the Orange Revolution. Ukrainian emigrants from these regions had different expectations before and after the Revolution and this might have led to differences in remittance patterns.

The total Ukrainian population in 2001, according to the All-Ukrainian Population Census, was 48 457 000. According to the results of the census the male population was 22 441 000 thousand (46.3%) and the female population was 26 016 000 (53.7%). The ukrainian language was considered a mother tongue by 67.5% of the Ukrainian population, which is 2.8 percentage points higher than in 1989. Russian was recognized as their mother-tongue by 29.6% of the population, and this is 3.2 percentage points fewer than in previous census.

Table 3: Selected summary statistics of the data sample

	Remittances		Donated money		Saved money		Bonds/securities purchased		Total population (million people)
	no	yes	no	yes	no	yes	no	yes	
Region									
Eastern region	1227	117	1283	61	1122	222	1344	0	23,120
<i>Percentage share</i>	<i>39.8</i>	<i>3.8</i>	<i>41.6</i>	<i>2</i>	<i>36.4</i>	<i>7.2</i>	<i>43.6</i>	<i>0</i>	
Western region	1545	195	1344	396	1487	253	1739	1	25,336
<i>Percentage share</i>	<i>50.1</i>	<i>6.3</i>	<i>43.6</i>	<i>12.8</i>	<i>48.2</i>	<i>8.2</i>	<i>56.4</i>	<i>0</i>	
Language									
Ukrainian	1330	131	1395	66	1234	227	1461	0	32,708
<i>Percentage share</i>	<i>43.1</i>	<i>4.2</i>	<i>45.2</i>	<i>2.1</i>	<i>40</i>	<i>7.4</i>	<i>47.4</i>	<i>0</i>	
Russian	1442	181	1232	391	1375	248	1622	1	14,343
<i>Percentage share</i>	<i>46.8</i>	<i>5.9</i>	<i>39.9</i>	<i>12.7</i>	<i>44.6</i>	<i>8</i>	<i>52.6</i>	<i>0</i>	
Gender									
Female	1611	193	1533	271	1530	274	1804	0	26,016
<i>Percentage share</i>	<i>52.2</i>	<i>6.3</i>	<i>49.7</i>	<i>8.8</i>	<i>49.6</i>	<i>8.9</i>	<i>58.5</i>	<i>0</i>	
Male	1161	119	1094	186	1079	201	1279	1	22,441
<i>Percentage share</i>	<i>37.6</i>	<i>3.9</i>	<i>35.5</i>	<i>6</i>	<i>35</i>	<i>6.5</i>	<i>41.5</i>	<i>0</i>	
Political views									
“pro-orange“ - Yushenko	1534	192	1342	384	1472	254	1725	1	-
<i>Percentage share</i>	<i>49.7</i>	<i>6.2</i>	<i>43.5</i>	<i>12.5</i>	<i>47.7</i>	<i>8.2</i>	<i>55.9</i>	<i>0</i>	
“pro-blue-white“ - Yanukovich	1238	120	1285	73	1137	221	1358	0	-
<i>Percentage share</i>	<i>40.1</i>	<i>3.9</i>	<i>41.7</i>	<i>2.4</i>	<i>36.9</i>	<i>7.2</i>	<i>44</i>	<i>0</i>	
Total	2772	312	2627	457	2609	475	3083	1	-
Overall sample size	3084		3084		3084		3084		48,457

5. Results

Table 1.b in the Appendix reports the results of the estimation specification (marginal effects) for Remittances. All models (1)- (5) were estimated sequentially, using probit. Both variables –*Moved out of the household* and *Moved outside Ukraine* are found to be significant (at 10% significance level and positive (a one unit increase in these variables led to almost 3.7 percentage points increase in the probability of receiving remittances). This shows that respondents have a higher probability of obtaining financial help from outside the household if there is at least one member who moved to another country or another city inside Ukraine. Moreover, the variable that shows whether at least one household member emigrated before 2004 was found to be insignificant. On the other hand, the variable that shows that at least one member emigrated after 2004 but before 2007, meaning before the Orange Revolution, was found to be highly significant and positive. This demonstrates that Ukrainians who emigrated just before the Orange Revolution were sending remittances to their families.

There are no concrete results for the dependence of human capital investment on the probability of obtaining remittances. Even though *Paying for education* and *Payment for training classes* were significant in all models, *Paying for education* was negative (around -12 percentage points) and *Payment for training classes* was positive (15 percentage points). What can be stated is that remittances do have a significant effect on human capital, in line with previous results (Bansak and Chezum, 2009; Acosta, Fajnzylber, and Lopez, 2007; Calero, Bedi, and Sparrow, 2009).

The probability of receiving remittances has a negative and significant correlation with *Personal political views* - around 7 percentage points decrease in the probability of receiving remittances. Individuals have a higher probability of receiving remittances if they supported the “Blue-White” side and Yanukovich for president. Emigrants may have been less confident in candidate Yushenko and his political program, so Yanukovich may have attracted more votes from them.

Another interesting result concerns the *language* variable, which was significant and negative, at around -5 percentage points. This partially supports the results of the *Personal political views* variable, since Ukrainian speaking individuals have a lower probability of receiving remittances than Russian speakers. Ukrainian statistics show that more emigrants come from the Eastern regions of Ukraine. The *language* results shows who sends remittances in Ukraine, since it is not possible to track the countries from which remittances were sent.

Tables 2.a and 2.b present the results of Remittance estimations separately for the Ukrainian and Russian speaking populations. According to the marginal effects results, the Ukrainian speaking population has a lower probability of receiving remittances if they supported the “Orange” side. In addition, the probability of remittances depends positively on the existence of at least one household member who emigrated (17 percentage points

increase). Regarding Russian speaking respondents, the only important significant variable was the dummy showing that the existence of a household member who emigrated increases the probability of receiving remittances by 19 percentage points.

Estimations of the other four benchmark models for *Savings*, *Donations* and *Investment into Human capital* are presented in Tables 3.a - 4.b. Results suggest that the probability of obtaining remittances has a significant effect on all dependent variables. In case of savings and paying for education remittances have a negative effect (9.7 and 7.6 percentage points respectively). On the other hand donations and paying for training classes do have a positive correlation with remittances (5.6 and 1.67 percentage points respectively). This shows that individuals spend money on both human and personal capital investments and help others, in order to support their own future and shows their altruistic character.

Regional and *language* variables were found to be significant for different models. For example, Ukrainian speakers are more likely to make donations, but less likely to pay for training classes, compared to Russian speakers. On the other hand, respondents from Western regions of Ukraine have a lower probability of saving or investment in human capital.

One of the main hypotheses regarding *Optimistic views* of respondents was not confirmed: for almost all dependent variables, except spending on education, *Optimistic views* were found to be negative and significant. I do not have a definite explanation for such results, but it is possible that with the change in the political orientation of Ukraine after the Orange Revolution, pro-blue-white individuals might have become less optimistic about the future of Ukraine and therefore started to save money. On the other hand, those individuals who were pessimistic about Ukraine's future after 2004 might have invested more in their or their children's human capital (university education, different courses and training for some specialization).

Estimating models separately for Ukrainian and Russian speakers does not significantly change the results. Ukrainian speaking respondents have a higher probability of donations compared to future savings, if their household received remittances (9 vs. -7.13 percentage points). The regional variable was found to be negative and significant for all estimated models. For Russian speaking respondents, the results show that not many factors influence the respondent's decision to save/donate or invest in human capital. Remittances seem to have a significant influence only on the probability of savings, similarly to the regional variable.

6. Concluding remarks

This paper explores the dependence of individual expenditures and the probability of remittances received from abroad over the period of the political situation in Ukraine in 2004 (Orange Revolution and 2004 Presidential Elections). The results of the Ukrainian

national household survey were used to compare individuals' decisions to invest, depending on their political views and future expectations. The main hypothesis under consideration was whether individuals who supported/were involved with the Orange Revolution and were afterwards optimistic about the future of Ukraine invested money in long-term assets more than those who did not support the Revolution.

The probability of receiving remittances from outside the household does have a highly significant but negative effect on respondent's decisions to donate money in future. In general, it can be stated that political instability does not have a significant effect on individual decisions to save/donate money. However, in some cases, the political views of a respondent do have a significant effect on the probability of obtaining remittances from outside the household. This can be explained in two ways. First, family ties matter when a person decides to send money to his/her family members living in a different location. Secondly, people are less likely to send money to individuals who supported the winning party. It should also be added that the probability of future expenditures on human capital has an ambiguous effect on the probability of receiving remittances. Paying for education was found to have a negative effect, contrary to payment for training classes that had a positive effect on remittances.

Migrant remittances in general have a significant influence on savings and donations in the receiving country and might stimulate accumulation of capital in labor-exporting countries. Policymakers worldwide have shown an increasing interest in the topic of the dependence of international migration and remittances on savings in the country of emigrants' origin. So the question is whether remittances have an influence on economic development in the place of origin? The findings of this paper suggest that remittances are likely to contribute to economic development by encouraging savings and donations for capital accumulation in the country of origin. Overall, the impact of remittances in the receiving country will depend on the final usage of remittance flows.

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Appendix

Figure 1: Division of Ukrainian oblasts into Eastern and Western regions



Tables of results

Table 1.a Benchmark Probit Model for Remittances

	(1) Received remittances	(2) Received remittances	(3) Received remittances	(4) Received remittances	(5) Received remittances
Voted in the third round - 26th December (voted=1, not=0)	-0.422*** (0.0979)	-0.429*** (0.0986)	-0.428*** (0.0986)	-0.423*** (0.0979)	-0.425*** (0.0979)
Personal political views (pro-Orange=1; pro-Blue/White=0)	-0.376*** (0.0814)	-0.397*** (0.0821)	-0.397*** (0.0820)	-0.390*** (0.0815)	-0.388*** (0.0815)
Political activities (involved in political activities =1, not=0)	0.0434 (0.110)	0.0349 (0.111)	0.0359 (0.111)	0.0351 (0.110)	0.0371 (0.110)
Language (Ukrainian=1; Russian=0)	-0.299*** (0.0759)	-0.326*** (0.0764)	-0.323*** (0.0763)	-0.307*** (0.0759)	-0.306*** (0.0759)
Gender (male=1; female=0)	-0.207** (0.0675)	-0.190** (0.0680)	-0.190** (0.0680)	-0.205** (0.0676)	-0.206** (0.0676)
Age	-0.0118*** (0.00242)	-0.0113*** (0.00244)	-0.0113*** (0.00243)	-0.0117*** (0.00242)	-0.0117*** (0.00242)
Paid for education (yes=1; not=0)	-0.690*** (0.172)	-0.686*** (0.175)	-0.688*** (0.175)	-0.681*** (0.172)	-0.682*** (0.172)
Paid for training classes (yes=1; not=0)	0.830** (0.274)	0.862** (0.274)	0.859** (0.274)	0.822** (0.273)	0.821** (0.273)
Log of total personal income	-0.00564 (0.0149)	-0.00929 (0.0150)	-0.00942 (0.0150)	-0.00756 (0.0148)	-0.00712 (0.0148)
Satisfaction of monthly income (yes=1; not=0)	-0.0614 (0.0903)	-0.0588 (0.0911)	-0.0590 (0.0910)	-0.0670 (0.0904)	-0.0683 (0.0904)
Number of children in the HH	0.0616 (0.0377)	0.0580 (0.0382)	0.0586 (0.0382)	0.0559 (0.0379)	0.0559 (0.0379)
Someone emigrated from HH before 2004 (yes=1; not=0)	0.316 (0.191)	0.136 (0.201)			
Someone emigrated from HH before 2007 (yes=1; not=0)		1.042*** (0.184)	1.064*** (0.181)		
Moved out of the HH (yes=1; not=0)				0.211* (0.0876)	
Moved outside Ukraine (yes=1; not=0)					0.210* (0.0888)
N	2755	2755	2755	2755	2755

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 1.b Marginal Effects for Benchmark Probit Remittances Model

	(1) Received remittances	(2) Received remittances	(3) Received remittances	(4) Received remittances	(5) Received remittances
Voted in the third round - 26th December (voted=1, not=0)	-0.0749*** (0.0173)	-0.0749*** (0.0171)	-0.0747*** (0.0171)	-0.0751*** (0.0172)	-0.0754*** (0.0173)
Personal political views (pro-Orange=1; pro-Blue/White=0)	-0.0669*** (0.0144)	-0.0692*** (0.0142)	-0.0693*** (0.0142)	-0.0692*** (0.0144)	-0.0688*** (0.0144)
Political activities (involved in political activities =1, not=0)	0.00771 (0.0195)	0.00608 (0.0193)	0.00627 (0.0193)	0.00623 (0.0194)	0.00659 (0.0194)
Language (Ukrainian=1; Russian=0)	-0.0531*** (0.0134)	-0.0568*** (0.0133)	-0.0563*** (0.0132)	-0.0544*** (0.0134)	-0.0543*** (0.0134)
Gender (male=1; female=0)	-0.0368** (0.0120)	-0.0331** (0.0119)	-0.0331** (0.0119)	-0.0364** (0.0120)	-0.0365** (0.0120)
Age	-0.00210*** (0.000428)	-0.00198*** (0.000424)	-0.00198*** (0.000424)	-0.00207*** (0.000429)	-0.00207*** (0.000429)
Paid for education (yes=1; not=0)	-0.123*** (0.0306)	-0.120*** (0.0305)	-0.120*** (0.0305)	-0.121*** (0.0306)	-0.121*** (0.0306)
Paid for training classes (yes=1; not=0)	0.147** (0.0486)	0.150** (0.0477)	0.150** (0.0477)	0.146** (0.0484)	0.146** (0.0484)
Log of total personal income	-0.00100 (0.00264)	-0.00162 (0.00261)	-0.00164 (0.00261)	-0.00134 (0.00263)	-0.00126 (0.00263)
Satisfaction of monthly income (yes=1; not=0)	-0.0109 (0.0160)	-0.0103 (0.0159)	-0.0103 (0.0159)	-0.0119 (0.0160)	-0.0121 (0.0160)
Number of children in the HH	0.0109 (0.00669)	0.0101 (0.00666)	0.0102 (0.00666)	0.00991 (0.00672)	0.00992 (0.00672)
Someone emigrated from HH before 2004 (yes=1; not=0)	0.0561 (0.0339)	0.0237 (0.0350)			
Someone emigrated from HH before 2007 (yes=1; not=0)		0.182*** (0.0319)	0.186*** (0.0314)		
Moved out of the HH (yes=1; not=0)				0.0375* (0.0155)	
Moved outside Ukraine (yes=1; not=0)					0.0373* (0.0157)
N	2755	2755	2755	2755	2755

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 2.a Benchmark Remittances Probit Model Depending on the Language Spoken

	Ukrainian speaking respondents					Russian speaking respondent				
	(1) Received remittances	(2) Received remittances	(3) Received remittances	(4) Received remittances	(5) Received remittances	(1) Received remittances	(2) Received remittances	(3) Received remittances	(4) Received remittances	(5) Received remittances
Voted in the third round - 26th December (votes=1, not=0)	-0.431*** (0.127)	-0.441*** (0.127)	-0.442*** (0.127)	-0.434*** (0.127)	-0.434*** (0.127)	-0.510*** (0.147)	-0.524*** (0.148)	-0.518*** (0.148)	-0.507*** (0.147)	-0.513*** (0.147)
Personal political views (pro-Orange=1; pro- Blue/White=0)	-0.321* (0.152)	-0.328* (0.153)	-0.326* (0.153)	-0.325* (0.152)	-0.325* (0.152)	-0.184 (0.108)	-0.200 (0.109)	-0.194 (0.109)	-0.195 (0.108)	-0.190 (0.108)
Gender (male=1; female=0)	-0.220* (0.0881)	-0.217* (0.0887)	-0.218* (0.0886)	-0.220* (0.0881)	-0.220* (0.0882)	-0.259* (0.105)	-0.224* (0.106)	-0.228* (0.105)	-0.257* (0.105)	-0.259* (0.105)
Age	-0.0150*** (0.00301)	-0.0145*** (0.00303)	-0.0145*** (0.00303)	-0.0150*** (0.00301)	-0.0150*** (0.00302)	-0.0136*** (0.00381)	-0.0139*** (0.00385)	-0.0137*** (0.00383)	-0.0134*** (0.00381)	-0.0134*** (0.00381)
Paid for education (yes=1; not=0)	-0.961*** (0.249)	-0.937*** (0.249)	-0.937*** (0.249)	-0.945*** (0.249)	-0.944*** (0.249)	-0.455 (0.244)	-0.484 (0.252)	-0.495* (0.252)	-0.475 (0.246)	-0.476 (0.246)
Paid for training classes (yes=1; not=0)	1.223*** (0.354)	1.253*** (0.354)	1.255*** (0.354)	1.219*** (0.353)	1.219*** (0.353)	-0.0169 (0.576)	0.0268 (0.577)	0.0127 (0.577)	-0.0249 (0.574)	-0.0256 (0.573)
Log of total personal income	-0.00933 (0.0186)	-0.0142 (0.0187)	-0.0142 (0.0187)	-0.0106 (0.0186)	-0.0108 (0.0186)	-0.0215 (0.0235)	-0.0241 (0.0236)	-0.0250 (0.0235)	-0.0246 (0.0234)	-0.0232 (0.0234)
Someone emigrated from HH before 2004 (yes=1; not=0)	0.141 (0.221)	-0.0898 (0.239)				0.691 (0.387)	0.734 (0.387)			
Someone emigrated from HH before 2007 (yes=1; not=0)		0.934*** (0.234)	0.911*** (0.225)				1.204*** (0.306)	1.188*** (0.306)		
Moved out of the HH (yes=1; not=0)				0.137 (0.115)					0.230 (0.137)	
Moved outside Ukraine (yes=1; not=0)					0.147 (0.115)					0.212 (0.141)
Other Controls included	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
N	1494	1494	1494	1494	1494	1261	1261	1261	1261	1261

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 2.b Marginal effects for Benchmark Remittances probit model depending on the language spoken

	Ukrainian speaking respondents					Russian speaking respondents				
	(1) Received remittances	(2) Received remittances	(3) Received remittances	(4) Received remittances	(5) Received remittances	(1) Received remittances	(2) Received remittances	(3) Received remittances	(4) Received remittances	(5) Received remittances
Voted in the third round - 26th December (votes=1, not=0)	-0.0822*** (0.0239)	-0.0827*** (0.0236)	-0.0829*** (0.0236)	-0.0827*** (0.0239)	-0.0845*** (0.0241)	-0.0840*** (0.0241)	-0.0845*** (0.0238)	-0.0839*** (0.0238)	-0.0835*** (0.0240)	-0.0845*** (0.0241)
Personal political views (pro-Orange=1; pro-Blue/White=0)	-0.0612* (0.0290)	-0.0616* (0.0288)	-0.0611* (0.0288)	-0.0619* (0.0290)	-0.0313 (0.0178)	-0.0303 (0.0178)	-0.0322 (0.0175)	-0.0315 (0.0176)	-0.0321 (0.0178)	-0.0313 (0.0178)
Gender (male=1; female=0)	-0.0418* (0.0167)	-0.0408* (0.0166)	-0.0409* (0.0166)	-0.0419* (0.0167)	-0.0427* (0.0172)	-0.0426* (0.0172)	-0.0361* (0.0171)	-0.0369* (0.0171)	-0.0423* (0.0172)	-0.0427* (0.0172)
Age	-0.00286*** (0.000568)	-0.00272*** (0.000564)	-0.00272*** (0.000564)	-0.00285*** (0.000569)	-0.00221*** (0.000628)	-0.00225*** (0.000627)	-0.00225*** (0.000621)	-0.00223*** (0.000621)	-0.00220*** (0.000628)	-0.00221*** (0.000628)
Paid for education	-0.183*** (0.0474)	-0.176*** (0.0467)	-0.176*** (0.0467)	-0.180*** (0.0474)	-0.0785 (0.0406)	-0.0749 (0.0403)	-0.0781 (0.0406)	-0.0802* (0.0408)	-0.0782 (0.0405)	-0.0785 (0.0406)
Paid for training classes	0.233*** (0.0669)	0.235*** (0.0658)	0.236*** (0.0658)	0.232*** (0.0666)	-0.00422 (0.0945)	-0.00279 (0.0948)	0.00432 (0.0930)	0.00206 (0.0935)	-0.00410 (0.0944)	-0.00422 (0.0945)
Log of total personal income	-0.00178 (0.00354)	-0.00267 (0.00351)	-0.00267 (0.00351)	-0.00202 (0.00354)	-0.00382 (0.00384)	-0.00354 (0.00385)	-0.00389 (0.00380)	-0.00405 (0.00381)	-0.00405 (0.00384)	-0.00382 (0.00384)
Someone emigrated from HH before 2004	0.0269 (0.0420)	-0.0168 (0.0449)				0.114 (0.0637)	0.118 (0.0625)			
Someone emigrated from HH before 2007		0.175*** (0.0434)	0.171*** (0.0419)				0.194*** (0.0491)	0.193*** (0.0493)		
Moved out of the HH				0.0260 (0.0218)					0.0379 (0.0225)	
Moved outside Ukraine					0.0350 (0.0232)					0.0350 (0.0232)
Other Controls included	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
N	1494	1494	1494	1494	1261	1261	1261	1261	1261	1261

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 3.a Benchmark Probit Model for Various LHS Variables

	(1) Saved money	(2) Donated money	(3) Paid for education	(4) Paid for training classes
Received remittances (yes=1, not=0)	-0.395*** (0.110)	0.257** (0.0929)	-0.583*** (0.166)	0.484** (0.172)
Political activities (involved in political activities =1, not=0)	0.0778 (0.101)	0.0419 (0.0982)	0.201 (0.120)	0.251 (0.206)
Voted in the third round - 26th December (voted=1, not=0)	-0.265** (0.0893)	-0.378*** (0.0924)	-0.273* (0.107)	-0.246 (0.182)
Personal political views (pro-Orange=1; pro-Blue/White=0)	-0.226 (0.184)	-0.316 (0.193)	0.0531 (0.219)	-0.588 (0.501)
Relatives' political views (pro-Orange=1; pro-Blue/White=0)	-0.249 (0.190)	-0.452* (0.204)	-0.566* (0.230)	-0.505 (0.508)
Language (Ukrainian=1; Russian=0)	-0.0961 (0.0870)	0.205* (0.0955)	-0.0900 (0.111)	-0.489** (0.187)
Region (Western region =1; Eastern region= 0)	-0.462*** (0.0905)	-0.0783 (0.101)	-0.299* (0.119)	-0.589** (0.200)
Gender (male=1; female=0)	-0.137* (0.0570)	-0.0990 (0.0609)	-0.0886 (0.0739)	-0.349* (0.142)
Age	0.000276 (0.00204)	-0.0138*** (0.00221)	-0.0191*** (0.00289)	-0.0224*** (0.00527)
Satisfaction with results of the elections (yes=1; not=0)	-0.118 (0.0746)	0.268*** (0.0717)	-0.149 (0.0934)	-0.351* (0.175)
Satisfaction with general situation in Ukraine (yes=1; not=0)	-0.268* (0.121)	-0.292** (0.112)	0.0366 (0.139)	0.0681 (0.261)
Satisfaction of monthly income (yes=1; not=0)	0.126 (0.0833)	-0.0686 (0.0948)	0.0363 (0.112)	-0.231 (0.245)
Satisfaction with financial prospects (yes=1; not=0)	0.180* (0.0818)	-0.0564 (0.0904)	-0.0472 (0.108)	-0.0435 (0.200)
Optimistic/pessimistic about Ukraine's future (yes=1; not=0)	-0.189** (0.0586)	-0.179** (0.0624)	-0.105 (0.0761)	-0.302* (0.141)
Number of children in the HH	-0.0368 (0.0340)	0.0884** (0.0338)	0.108* (0.0434)	0.127 (0.0810)
N	2801	2801	2801	2801

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 3.b Marginal Effects for Benchmark Probit Model for Various LHS Variables

	(1) Saved money	(2) Donated money	(3) Paid for education	(4) Paid for training classes
Received remittances (yes=1, not=0)	-0.0973*** (0.0269)	0.0558** (0.0202)	-0.0762*** (0.0218)	0.0167** (0.00621)
Political activities (involved in political activities =1, not=0)	0.0192 (0.0249)	0.00912 (0.0214)	0.0263 (0.0157)	0.00869 (0.00721)
Voted in the third round - 26th December (voted=1, not=0)	-0.0653** (0.0219)	-0.0823*** (0.0199)	-0.0356* (0.0140)	-0.00852 (0.00632)
Personal political views (pro-Orange=1; pro-Blue/White=0)	-0.0557 (0.0453)	-0.0687 (0.0420)	0.00694 (0.0286)	-0.0204 (0.0174)
Relatives' political views (pro-Orange=1; pro-Blue/White=0)	-0.0613 (0.0468)	-0.0984* (0.0444)	-0.0739* (0.0300)	-0.0175 (0.0176)
Language (Ukrainian=1; Russian=0)	-0.0237 (0.0214)	0.0446* (0.0208)	-0.0118 (0.0145)	-0.0169* (0.00662)
Region (Western region =1; Eastern region= 0)	-0.114*** (0.0221)	-0.0170 (0.0221)	-0.0391* (0.0155)	-0.0204** (0.00710)
Gender (male=1; female=0)	-0.0337* (0.0140)	-0.0215 (0.0132)	-0.0116 (0.00966)	-0.0121* (0.00504)
Age	0.0000679 (0.000503)	-0.00300*** (0.000475)	-0.00250*** (0.000381)	-0.000775*** (0.000194)
Satisfaction with results of the elections (yes=1; not=0)	-0.0290 (0.0184)	0.0583*** (0.0155)	-0.0195 (0.0122)	-0.0122* (0.00617)
Satisfaction with general situation in Ukraine (yes=1; not=0)	-0.0659* (0.0298)	-0.0636** (0.0244)	0.00478 (0.0182)	0.00236 (0.00905)
Satisfaction of monthly income (yes=1; not=0)	0.0311 (0.0205)	-0.0149 (0.0206)	0.00475 (0.0146)	-0.00800 (0.00853)
Satisfaction with financial prospects (yes=1; not=0)	0.0443* (0.0201)	-0.0123 (0.0197)	-0.00618 (0.0141)	-0.00151 (0.00693)
Optimistic/pessimistic about Ukraine's future (yes=1; not=0)	-0.0465** (0.0144)	-0.0390** (0.0135)	-0.0138 (0.00994)	-0.0105* (0.00497)
Number of children in the HH	-0.00907 (0.00836)	0.0192** (0.00735)	0.0141* (0.00568)	0.00440 (0.00283)
N	2801	2801	2801	2801

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 4.a Benchmark Probit Model for Various LHS Variables Depending on the Language Spoken

	Ukrainian speaking respondents				Russian speaking respondents			
	(1) Saved money	(2) Donated money	(3) Paid for education	(4) Paid for training classes	(1) Saved money	(2) Donated money	(3) Paid for education	(4) Paid for training classes
Received remittances (yes=1, not=0)	-0.301*	0.302**	-0.729**	0.924***	-0.536**	0.185	-0.405	-0.527
	(0.141)	(0.110)	(0.240)	(0.220)	(0.183)	(0.185)	(0.234)	(0.474)
Voted in the third round - 26th December (voted=1, not=0)	-0.110	-0.195	-0.171	-0.183	-0.377**	-0.602***	-0.363*	-0.352*
	(0.126)	(0.115)	(0.148)	(0.265)	(0.133)	(0.165)	(0.160)	(0.158)
Personal political views (pro-Orange=1; pro-Blue/White=0)	-0.330	-0.283	0.0190	-1.200	-0.141	-0.494	0.161	-0.731
	(0.246)	(0.223)	(0.263)	(1.798)	(0.319)	(0.411)	(0.418)	(0.730)
Relatives' political views (pro-Orange=1; pro-Blue/White=0)	0.0877	-0.586*	-0.471	0.126	-0.332	-0.0182	-0.570	-0.255
	(0.269)	(0.279)	(0.317)	(1.805)	(0.319)	(0.410)	(0.413)	(0.733)
Region (Western region =1; Eastern region= 0)	-0.876***	-0.228*	-0.543***	-1.282***	-0.294*	0.0758	-0.198	-0.271
	(0.109)	(0.109)	(0.133)	(0.221)	(0.123)	(0.159)	(0.162)	(0.282)
Gender (male=1; female=0)	-0.0568	-0.0284	-0.0420	-0.323	-0.168*	-0.140	-0.117	-0.369
	(0.0787)	(0.0727)	(0.0986)	(0.206)	(0.0852)	(0.119)	(0.113)	(0.209)
Age	-0.000392	-0.0115***	-0.0158***	-0.0216**	0.00371	-0.0126**	-0.0240***	-0.0315***
	(0.00277)	(0.00261)	(0.00376)	(0.00724)	(0.00309)	(0.00451)	(0.00468)	(0.00711)
Satisfaction with results of the elections (yes=1; not=0)	0.00935	0.345***	-0.138	-0.158	-0.661***	-0.169	-0.182	-1.134**
	(0.0861)	(0.0793)	(0.107)	(0.216)	(0.175)	(0.198)	(0.201)	(0.419)
Optimistic/pessimistic about Ukraine's future (yes=1; not=0)	0.0383	-0.0921	-0.0570	-0.196	-0.417***	-0.320**	-0.145	-0.444*
	(0.0815)	(0.0754)	(0.104)	(0.207)	(0.0879)	(0.121)	(0.114)	(0.212)
Number of children in the HH	-0.0240	0.0824*	0.0355	0.0828	-0.0716	0.0541	0.225**	0.162
	(0.0437)	(0.0387)	(0.0559)	(0.113)	(0.0556)	(0.0771)	(0.0712)	(0.125)
Other Controls included	yes	yes	yes	yes	yes	yes	yes	yes
N	1525	1525	1525	1525	1276	1210	1276	1276

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 4.b Marginal Effects for Benchmark Probit Model for Various LHS Variables Depending on the Language Spoken

	Ukrainian speaking respondents				Russian speaking respondents			
	(1) Saved money	(2) Donated money	(3) Paid for education	(4) Paid for training classes	(1) Saved money	(2) Donated money	(3) Paid for education	(4) Paid for training classes
Received remittances (yes=1, not=0)	-0.0713* (0.0334)	0.0901** (0.0325)	-0.100** (0.0333)	0.0287*** (0.00786)	-0.130** (0.0442)	0.0214 (0.0214)	-0.0485 (0.0281)	-0.0188 (0.0172)
Voted in the third round - 26th December (voted=1, not=0)	-0.0261 (0.0299)	-0.0581 (0.0343)	-0.0235 (0.0202)		-0.0918** (0.0321)	-0.0696*** (0.0190)	-0.0435* (0.0192)	-0.0421* (0.0187)
Personal political views (pro-Orange=1; pro-Blue/White=0)	-0.0782 (0.0582)	-0.0844 (0.0664)	0.00261 (0.0361)	-0.0402 (0.0602)	-0.0343 (0.0777)	-0.0571 (0.0475)	0.0193 (0.0501)	-0.0264 (0.0264)
Relatives' political views (pro-Orange=1; pro-Blue/White=0)	0.0208 (0.0639)	-0.174* (0.0830)	-0.0646 (0.0434)	0.00575 (0.0603)	-0.0809 (0.0776)	-0.00210 (0.0474)	-0.0682 (0.0496)	-0.00882 (0.0264)
Region (Western region =1; Eastern region= 0)	-0.208*** (0.0244)	-0.0680* (0.0323)	-0.0745*** (0.0180)	-0.0404*** (0.00802)	-0.0715* (0.0299)	0.00876 (0.0183)	-0.0238 (0.0194)	-0.00988 (0.0102)
Gender (male=1; female=0)	-0.0135 (0.0187)	-0.00845 (0.0217)	-0.00576 (0.0135)	-0.00991 (0.00646)	-0.0408* (0.0207)	-0.0162 (0.0137)	-0.0141 (0.0136)	-0.0132 (0.00768)
Age	-0.0000930 (0.000657)	-0.00344*** (0.000764)	-0.00217*** (0.000519)	-0.000732*** (0.000218)	0.000902 (0.000751)	-0.00146** (0.000526)	-0.00288*** (0.000570)	-0.00113*** (0.000287)
Satisfaction with results of the elections (yes=1; not=0)	0.00222 (0.0204)	0.103*** (0.0233)	-0.0189 (0.0146)	-0.00562 (0.00659)	-0.161*** (0.0420)	-0.0196 (0.0229)	-0.0218 (0.0240)	-0.0408* (0.0159)
Optimistic/pessimistic about Ukraine's future (yes=1; not=0)	0.00907 (0.0193)	-0.0274 (0.0224)	-0.00782 (0.0142)	-0.00631 (0.00640)	-0.101*** (0.0210)	-0.0370** (0.0141)	-0.0174 (0.0137)	-0.0159* (0.00787)
Number of children in the HH	-0.00570 (0.0103)	0.0246* (0.0115)	0.00487 (0.00766)	0.00213 (0.00348)	-0.0174 (0.0135)	0.00625 (0.00892)	0.0269** (0.00858)	0.00579 (0.00455)
Other Controls included	yes	yes	yes	yes	yes	yes	yes	yes
N	1525	1525	1525	1525	1276	1210	1276	1276

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Political Questions From the Individual's Questionnaire of the ULMS

Subsection 5 "Presidential elections in 2004"

During the presidential election process in October-December 2004, the so-called "Orange Revolution" took place in Ukraine. We would like to ask you some questions about these events. Of course, these questions are somewhat sensitive, but please keep in mind that your answers will be kept anonymous and confidential. Since it is very important for researchers and policymakers to have a detailed picture of the political motivations of Ukrainian citizens, we very much hope that you will be able to answer these questions.

I61	Please try to remember the three rounds of election that took place on October 31, November 21, and December 26, 2004. Tell me, did you vote in the first round, the second round and the third round of the elections?					
	A First round, October 31, 2004	1 Yes	2 No	DS...7	RA...9	1720---
	B Second round, November 21, 2004	1 Yes	2 No	DS...7	RA...9	1721---
	C Third round, December 26, 2004	1 Yes	2 No	DS...7	RA...9	1722---
I64	Were you personally involved in such political activities surrounding the three elections? 1 Yes 2 No →SKIP TO I76			DS...7	RA...9	1725---
I77	Tell me, please, during the political events, which side did your colleagues and friends sympathise with? CHART I77/I78					1739---
	1 All more or less agreed with the "orange" side.					
	2 Most agreed with the "orange" side, but some held a different view.					
	3 They all had different views from each other.					
	4 Most agreed with the "blue and white" side, but some held a different view.					
	5 All more or less agreed with the "blue and white" side.					
	DS...7 RA...9					
I78	Which side did your relatives sympathise with? CHART I77/I78					1740---
	1 All more or less agreed with the "orange" side.					
	2 Most agreed with the "orange" side, but some held a different view.					
	3 We all had different views from each other.					
	4 Most agreed with the "blue and white" side, but some held a different view.					
	5 All more or less agreed with the "blue and white" side.					
	DS...7 RA...9					
I79	What was your personal attitude during the political events that surrounded the election process? CHART I79					1741---
	1 I more or less agreed with the "orange" side.					
	2 I more or less agreed with the "blue and white" side.					
	3 I had a different, third view.					
	4 I had no particular opinion.					
	DS...7 RA...9					
I80	In the following questions I would like you to give me a number from 1 to 5, where you are supposed to grade from the most negative (1) to the most positive (5) outcome. To what extent were you satisfied with how the political event was resolved by January 2005?					
	Absolutely Not Satisfied	Very Satisfied		DS	RA	
	1.....2.....3.....4.....5					7.... 9....
	1742---					
I81	How do you view the general situation in the Ukraine since then?					
	Situation got much worse	Situation got much better		DS	RA	
	1.....2.....3.....4.....5					7.... 9.... 1743---
I83	When thinking about the future of Ukraine, are you pessimistic or optimistic (according to 5-grade scale)?					
	Very pessimistic	Very optimistic		DS	RA	
	1.....2.....3.....4.....5					7.... 9.... 1745---

Questions on the Remittances from the Individual's Questionnaire of the ULMS

Subsection 2 "Remittances and other transfers to the household"

H06	During the last 12 months, have any non-members of your household or members of your household who temporarily lived separately from you sent or brought money, goods, food or any other kind of contribution to your household?
-----	--

1 Yes	1369	
2 No	→ FILL IN SECTION A AND GO TO THE INDIVIDUAL QUESTIONNAIRE	
DS...7	→ FILL IN SECTION A AND GO TO THE INDIVIDUAL QUESTIONNAIRE	
RA...9	→ FILL IN SECTION A AND GO TO THE INDIVIDUAL QUESTIONNAIRE	

[INTERVIEWER! USE TABLE H07-H16 TO RECORD THE ANSWERS TO QUESTIONS H07-H16.]

H07	Could you please name each of the persons who sent or brought money, goods, food or made some other kind of contribution to the household in the last 12 months? [INTERVIEWER: RECORD NAMES IN THE ROW H07 OF TABLE H07-H16.]
H08	Has [NAME OF THE PERSON] been a member of your household in any year between 2003 and 2007? [INTERVIEWER: REMIND THE RESPONDENT OF THE DEFINITION OF HOUSEHOLD MEMBER IF NECESSARY!] 1 Yes 2 No → SKIP TO H09 DS...7 → SKIP TO H09 RA...9 → SKIP TO H09

[INTERVIEWER! IF THE PERSON HAS BEEN AMONG THE MEMBERS OF THE HOUSEHOLD BETWEEN 2003 AND 2007, TRY TO FIND HIM/HER IN THE TABLE BX THAT DESCRIBES THE STRUCTURE OF THE HOUSEHOLD. IF THE PERSON IS NOTED IN THE TABLE BX, COPY HIS CODE FROM TABLE BX (LINE BX) TO LINE H08X IN TABLE H07-H16 AND → SKIP TO H13. IF THE PERSON IS NOT NOTED IN THE TABLE BX, WRITE "97" IN LINE H08X AND PROCEED WITH QUESTION H09 BELOW.

H09	Tell me please, what is the relationship of [NAME] to you (the reference person)? [CHART H09] 1 spouse or ex-spouse 2 parent, step parent 3 child, step child 4 sibling 5 other relative 6 non-relative DS...7 RA...9
H10	What age group does [NAME] belong to? 1 up to 24 years old 2 25-39 years old 3 40-54 years old 4 55 years and older DS...7 RA...9
H11	What sex is [NAME]? 1 male 2 female DS...7 RA...9
H12	From where did the transfers made by [NAME] originate? In other words, where did [NAME] live? [CHART H04] DS...97 RA...99
H13	How much money in hryvnias did your household receive from [NAME] during the last 12 months? If you received all or part of these transfers in foreign currency, please convert that to hryvnias and report the total amount. DS...997 RA...999 NOT APPLICABLE...998
H14	How did [NAME] deliver the money to your household? [INTERVIEWER! MULTIPLE ANSWERS POSSIBLE. RECORD ALL ANSWERS IN ONE ROW, ONE AFTER ANOTHER.] 1 by (international) bank transfer 2 by an envoy 3 by bringing personally 4 other [SPECIFY]..... DS...7 RA...9 NOT APPLICABLE...8
H15	What is the value of contributions in kind that your household received from [NAME] in the last 12 months? Please, estimate the total amount in hryvnias. DS...997 RA...999 NOT APPLICABLE...998
H16	In general, how frequently did you receive such contributions (both pecuniary and in-kind) from [NAME]? 1 Every month or more frequently 2 Several times per year 3 About once a year 4 Less frequently than once a year 5 OTHER [RECORD] DS...7 RA...9

Expenditure questions, including savings and purchase of bonds/shares/securities, from the Individual's Questionnaire of the ULMS

TABLE F21-F22

SERVICES EXPENDITURES IN LAST 30 DAYS			
	SERVICES	F21 Did you pay for...? DS...7 RA...9	F22 How much did you pay for it in hryvnias? DS...997 RA...999
1	Municipal or local transportation, taxi services	1 Yes → 2 No 1232 ---	1233 -----
2	Interurban and international transportation	1 Yes → 2 No 1234 ---	1235 -----
3	Personal vehicles repair and services (incl. parking)	1 Yes → 2 No 1236 ---	1237 -----
4	Flat/house or other buildings repair/construction	1 Yes → 2 No 1238 ---	1239 -----
5	Radio, TV, electric goods, watches, house equipment repair	1 Yes → 2 No 1240 ---	1241 -----
6	Barber's shop, manicure, photo studio services, tailor's, shoemaker's services, laundry	1 Yes → 2 No 1242 ---	1243 -----
7	Communications services (post-office, telegraph, long-distance telephone calls), satellite or cable TV services	1 Yes → 2 No 1244 ---	1245 -----
8	Cinema, theater, museums, concerts, discos, etc.	1 Yes → 2 No 1246 ---	1247 -----
9	Children's allowance at kindergartens and crèches, school classes, interest circles, sections pay; private lessons, tutors pay, textbooks	1 Yes → 2 No 1248 ---	1249 -----
10	Child care other than kindergarten, e.g. baby-sitting, private nannies	1 Yes → 2 No 1250 ---	1251 -----
11	Care for elderly, sick or disabled people by non-household members	1 Yes → 2 No 1252 ---	1253 -----
12	Pay for education at higher educational establishments (colleges, institutes, universities, etc)	1 Yes → 2 No 1254 ---	1255 -----
13	Pay for classes in interest circles, sections, training courses and tutors for adult family members	1 Yes → 2 No 1256 ---	1257 -----
14	Accommodation in sanatoriums, children camps, tourist tours, etc.; excl. transportation services, restaurants, cafés	1 Yes → 2 No 1258 ---	1259 -----
15	Medical treatment, examination, excl. purchase of medicine (doctor fees, hospital charges, etc.)	1 Yes → 2 No 1260 ---	1261 -----
16	Medical treatment of pets, excl. purchase of medicine	1 Yes → 2 No 1262 ---	1263 -----
17	Ritual services (registry office, undertakers' etc.)	1 Yes → 2 No 1264 ---	1265 -----
18	Membership fees, admission charges to recreation or sport facilities (gym, skating ring, bath-house, swimming pool)	1 Yes → 2 No 1266 ---	1267 -----
19	Garage rent	1 Yes → 2 No 1268 ---	1269 -----
20	Payments for guarding/to concierge in multiple-storey buildings; payments for staircase and lift maintenance	1 Yes → 2 No 1270 ---	1271 -----
21	Other services [RECORD]:	1 Yes → 2 No 1272 ---	1273 -----

INTERVIEWER: USE TABLE F23-F24 TO RECORD THE ANSWERS TO QUESTIONS F23-F24!

F23	During the last 30 days, did your family have the following expenditures? [INTERVIEWER! READ OUT THE ITEMS IN TABLE F23-F24 AND FILL IN THE CORRESPONDING ANSWERS FOR EACH ITEM.] 1 Yes 2 No →SKIP TO NEXT ITEM DS...7 →SKIP TO NEXT ITEM RA...9 →SKIP TO NEXT ITEM
F24	How much has been spent on that then in hryvnias during the last 30 days, altogether? DS...997 RA...999

TABLE F23-F24

OTHER EXPENDITURES IN LAST 30 DAYS

	EXPENDITURES	F23 Did you spend money on...? DS...7 RA...9	F24 How much did you spend on it in hryvnias? DS...997 RA...999
1	Purchase of bonds, shares and other securities	1 Yes → 2 No 1274 — ..	1275 —..... —
2	Insurance payments: life, health, vehicles, dwellings, etc.	1 Yes → 2 No 1276 — ..	1277 —..... —
3	Repayment of credit, loans, debt	1 Yes → 2 No 1278 — ..	1279 —..... —
4	Alimonies	1 Yes → 2 No 1280 — ..	1281 —..... —
5	Documents registration, patent tax, activity allowance	1 Yes → 2 No 1282 — ..	1283 —..... —
6	Vehicles tax, technical examination	1 Yes → 2 No 1284 — ..	1285 —..... —
7	To lend somebody	1 Yes → 2 No 1286 — ..	1287 —..... —
8	For pecuniary aid to a relative who lives separately	1 Yes → 2 No 1288 — ..	1289 —..... —
9	Pecuniary aid to other people (not members of your family)	1 Yes → 2 No 1290 — ..	1291 —..... —
10	Gifts to other people (on birthdays, wedding, etc.)	1 Yes → 2 No 1292 — ..	1293 —..... —
11	Donations to public foundations or churches, religious organizations	1 Yes → 2 No 1294 — ..	1295 —..... —

G01	Did your household in the last 30 days save any money? 1 Yes 2 No → SKIP TO G03 DS...7 → SKIP TO G03 RA...9 → SKIP TO G03	1308 —.. —
G02	How many hryvnias worth did your household save in the last 30 days? DS...997 RA...999	1309 —..... — hryvnias

Abstrakt

Tento článek se zabývá zkoumáním vlivu peněžních prostředků, které ukrajinští emigranti posílají zpět do své země původu. Konkrétně článek zkoumá závislosti investic do lidského kapitálu, úspor a darů ukrajinských domácností na částkách posílaných ze zahraničí v souvislosti s politickou situací na Ukrajině v roce 2004. V článku je popsán vliv politické nestability na užití těchto zasílaných peněžních prostředků. K analýze využíváme data z Ukrainian Longitudinal Monitoring Survey (ULMS), která popisují, jak ukrajinské domácnosti alokují své prostředky mezi investice do lidského kapitálu, úspory a dary v závislosti na jejich politickém smýšlení a budoucích očekáváních. Hlavní testovanou hypotézou je otázka, zda jedinci, kteří podporovali nebo se případně nějakým způsobem angažovali v oranžové revoluci, a kteří měli po revoluci optimistická očekávání ohledně budoucnosti Ukrajiny, darovali či šetřili více než jedinci, kteří revoluci nepodporovali. Dále analyzujeme úroveň vlivu peněžních prostředků zasílaných rodinnými příslušníky nebo přáteli žijícími v zahraničí na ochotu šetřit nebo darovat peníze. Výsledky ukazují, že politické smýšlení nemá vliv na ochotu šetřit či na peněžní dary. Dále zjišťujeme, že politické smýšlení má významný vliv na pravděpodobnost obdržení peněžních prostředků ze zahraničí. Zastánci oranžové revoluce dostávají peněžní prostředky ze zahraničí s menší pravděpodobností než zastánci opačného hnutí.

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