LUND UNIVERSITY
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Master programme in Economic History

'Coming back is not the same as staying'[1]

A comparative analysis of the effect of conflict-induced return migration on economic performance

C. M. van Oversteeg
marrieke.van_oversteeg.693@student.lu.se

Abstract: Returning refugees are an important aspect of economic reconstruction-, and the reconciliation process after the civil war. For this reason, extensive research has been done on the relationship between return migration and economic performance. From those studies, some identify a positive relationship while others find a negative relationship between returned migrants and their economic performance. The overarching aim of this thesis is to investigate the effect of the differences in economic performance between returned refugees and non-migrants during the post-conflict process of reconciliation. First, the economic performance of returning refugees will be compared with the performance of non-migrants using Bosnia-i-Herzegovina and Rwanda as cases. Second, the study will relate the resulting differences to the process of reconciliation. Thus, as the title suggests, is coming back not the same as staying? The empirical analysis that was conducted in this study shows that return migrants earn higher hourly wages, compared to non-migrants. Moreover, the results shows that returned refugees and Internal Displaced People have higher hourly wages compared to people who stay in the home country during the conflict. The differences in hourly wage are likely to influence the process of reconstruction and reconciliation in the post-conflict country.

Key words: Refugees, Internally Displaced Persons, return migration, post-conflict, reconciliation, reconstruction, economic performance, OLS regression, Rwanda, Bosnia-i-Herzegovina.

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1. Introduction

> *"The refugees", [organisations] fail to see them as group members or individuals with life-stories to tell: stories about trauma, fear, anger, hope and aspiration; stories about skills learned before [or during] the exile; stories about contributions made to the smooth running of camp life.*
>
> *J. Pottier, 2002, p.134.*

Return migration of refugees has become an important part of post-conflict studies in recent decades. The return of refugees not only effects the reconciliation and reconstruction of the home country, it affects individual economic performance as well. Both Bosnia-i-Herzegovina (hereafter BiH) and Rwanda experienced high extends of returning refugees after the civil conflicts that took place in the 1990s. The influx of returning refugees influenced the social process of reconciliation and the economic reconstruction of post-conflict states. This study investigates the differences in economic performance between returning refugees and non-migrants.

Prior to the Cold War, migration studies focussed mainly on labour migration. As a result, return migration has been underexposed in migration studies for a long time. After the Cold War the number of refugees increased as a result of changing warfare (Kaldor, 2002). Consequently, the number of returning refugees to their home-countries increased as well. These changes led to a growing interest in conflict-induced displacement and the related return migration. Conflict-induced displacement and its consequences are widely discussed in the context of different disciplines, such as economic-, social-, geographical-, physical- and medical studies. All across these disciplines, studies have investigated the relationship between migration and return migration. More specific studies focus on the relationship between return migration and economic performance. However, no consensus on this subject has been reached to date.

On the one hand, it can be argued that returnees are in a disadvantaged position. In order to return, migrants need to move two times which makes their future highly insecure. Moreover, the flight could have been associated with traumatic experiences (Klinthäll, 2006). Alternatively, it could be stated that the returnees are likely to be positively selected into displacement (Klinthäll, 2006). This means that the people with higher education, occupying the higher positions, and earning higher wages are not only the ones that most likely migrate, but also the ones that are most likely to return (Klinthäll, 2006). This is due to the fact that

return migrants have to afford two migrations (Klinthäll, 2006). Few attempts have been made to capture the economic performances of returned migrants and non-migrants in post-conflict societies. Kondylis assesses two studies, first on Rwanda (Kondylis, 2007) and secondly on BiH (Kondylis, 2008). She investigated the effect of conflict-induced migration on economic performance. However, the results are contrasting. The explanations for these results were intuitively made.

The return of refugees is important for the reconciliation process. The economic performance of both returnees and non-migrants influence the relationship between these groups. Economic differences could be problematic in overcoming existing mistrust between the already divided groups (Haider, 2009). On the one hand, return of refugees could have positive impact on the post-conflict society by bringing back financial and human capital to the home country. While on the other hand, return of refugees could have a negative impact by over-supplying the labour force, increasing inequality and economic competition between divided groups (Black & Gent, 2006).

The overall aim of this research is to re-investigate the relationship between return migration of refugees and the process of reconciliation and reconstruction. Return of refugees influences reconciliation since the divided groups have to live together again (Haider, 2009). As argued by several studies economic performance in post-conflict societies is crucial in the reintegration, coexistence and reconciliation processes (e.g. Haider, 2009). Economic conditions of the own group can be compared to economic conditions of the other group, which could create a negative perception of the other group. Therefore, economic differences between returnees and non-migrants can lead to barriers for reconciliation. Previous research states that return migrants are most likely positively selected into migration (Klinthäll, 2006). If the people with higher wages and education are the ones who migrate during the conflict, and then return afterwards, it can be assumed that they experience higher wages in the post-conflict society as well. The positively selected migration is called *brain drain* while the return of positively selected returnees is known as *brain return* (King, 2000). This theory will be tested by comparing the economic performance of returned refugees to non-migrants in the two contrasting cases of post-conflict BiH and Rwanda. Hereby this study aims to answer the central question whether conflict-induced return migration has a sustained effect on economic performances in terms of hourly wage, a decade after the conflict. Additionally, this study relates conflict-induced return migration and the sustained effect on economic performances to the process of reconciliation. In short, is coming back not the same as staying, as the title of this thesis suggests?

The first hypothesis of this research is that migrants, regardless the reason of migration, experience higher hourly wages compared to non-migrants. This hypothesis is based on the study of Klinthäll (2006) in which migrants and returned migrants seem to earn higher wages as a result of positive selection into migration. This first hypothesis will be tested for both BiH and Rwanda and will be the basis from which the following hypothesis will be tested.

The second-, main hypothesis of this thesis is that returned refugees also exhibit higher economic performance, a decade after the conflict. It has been argued that not only returning migrants but also the return of refugees seems to take place under positive selection (Klinthäll, 2006). As stated before, the ones in a better economic position seem to be the ones who can afford migration. This positive selection seems to take place in the migration as well as for the return migration of refugees.

The third hypothesis states that the refugees who lived in urban areas during the period of migration experience a higher positive influence on hourly wage than people who resided in rural areas. This expectation is based on the theory that human capital accumulation will accelerate faster in urban-, compared to rural settings (Bertinelli & Zou, 2008). In conformity with this theory, another study argues that spending the migration period in urban areas has a positive effect on economic performance compared to the stay in rural areas (King, 2000).

The fourth hypothesis is that the differences in hourly wage, between returnees and non-migrants, decrease over time. This could be expected as a consequence of the positive influence that returned refugees had for the region they returned to (King, 2000). As a result of possible savings during exile, gained skills or training and high motivation the returning refugees are likely to give a positive impulse to the whole region (King, 2000). This, however, does not automatically leads to equal distribution of the positive effects among the population. If the positive influence of returnees on economic performance works effectively in combination with reconciliation, it could be expected that the differences between divided groups will decrease over time.

The formulated hypotheses will be tested using an Ordinary Least Square (hereafter OLS) approach for BiH and Rwanda where civil conflict took place between 1990 and 1995. This paper is an empirical-, and comparative analysis using multivariate regressions. OLS methods will be used in order to identify indicators of economic performance of returned refugees for which micro-level on living standards is examined. These datasets include the migration status of individuals and the link with their economic performance. Here, the term

refugee includes both Internally Displaced Person's (hereafter IDP) and returned refugees from foreign countries.

The results of this thesis complement previous research on economic performance of returned refugees that state the positive effect of return migration (see for example Klinthäll, 2006; Hammond, 1999; Griffin, 1976; King, 2000). However, the results are contrasting with other research that argues for a negative effect of return migration (see for example Castles & Kosack, 1973; Piore, 1979). The results of this research show that returned refugees in BiH and Rwanda, a decade after the conflict, earn higher hourly wages compared to non-migrants. This complements the positive theories on the effect of return migration of economic performance. Moreover, the positive effect of returned refugees on hourly wage could be connected to the overarching process of reconciliation and reconstruction.

This thesis is divided into seven parts. The introduction chapter sets the scene and presents the research question and the hypotheses. The theoretical background and previous research will be outlined in chapter two. Chapter three presents both countries of interest and the conflicts. The used data and chosen methodology will be explained in chapter four. In chapter five the results are analysed and presented. The analysis of the data will be discussed in chapter six. Finally, chapter seven will complete the thesis with a summary of the main results, the conclusion and highlighting the contribution to the field of study.

2. Theoretical background & previous research

2.1 Old Wars vs. New wars

Migration is a two-way process since most migrants intend to return home (Klinthäll, 2006). This applies as well to refugee migration. It was expected that the refugee-cycle of migration and return migration would end after the Cold War (Black & Koser, 1999). However, both refugee migration and return migration increased in this period. This increase is due to a changing "nature of warfare" as argued by several scholars (e.g. Melander, Öberg & Hall, 2009, p.508). This changing nature of warfare led to an increase in the number of displaced people. The wars that are subject to the changing nature of warfare are called *new wars (*Kaldor, 2002). The shift between the two different types of conflict, *old wars* and *new wars*, seems to be placed either at the end of the Second World War, or more recently, at the end of the Cold War (e.g. Melander et al. 2009). This shift is explained by the increasing *interconnectedness* as a result of globalization (Kaldor, 2002).

The *new wars* have different goals, methods of warfare, and are financed differently than *old wars*. *New wars* tend to be more violent, have an increased number of civilian victims, as well as an increased number of displaced people (Kaldor, 2002). The reason for this increase seems to be due to the change in methods such as guerrilla warfare (Kaldor, 2002). In contrast, Melander et al. (2009) argue that it was the Cold War period that experienced more severe violence than the *new wars*. Melander et al. (2009) test the statement of the increase in displacement of civilians in the post-Cold War period. They find significant results for higher forced migration resulting from conflict for the period 1990-1994. However, displacement decreases in the following period of 1995-1999 (Melander et al., 2009).

In sum, these *new wars* might not be significantly different than the *old wars* concerning the number of wars and the amount of casualties (Melander et al., 2009). But they seem to have an increased number of refugees as result. Most important for this research is the increase in conflict-induced migration in the period 1990-1994. The increased displacement is followed by return migration. Both displacement and return migration influence the process of reconciliation in post-conflict societies.

2.2 Reconciliation

The increased displacement and return migration resulting from the *new wars*, led to a focus in the literature on reconciliation in post-conflict societies. The increased involvement of civilians and displaced people in the *new wars* led to higher association of citizen in reconciliation processes. Reconciliation, however, is a highly debated term. This starts with the debate on defining the process of reconciliation. Reconciliation can be seen, according to Bloomfield, as "a process through which a society moves from a divided past to a shared future" and "a process that redesigns the relationship" (Bloomfield, 2006, p.12). The definition used by Gould and Fumerton defines reconciliation as "a relational process that involves shifting inter- and intra-group attitudes, cognitive frames and behaviours towards minimally acceptable cohabitation" (Gould and Ryngaert, 2012, p.522). Reconciliation implies "addressing the many lingering tensions between the different groups" (Buckley-Zistel, 2006, p.112). In the literature, reconciliation is often mentioned in relation with reintegration, coexistence, reconstruction and unification of post-conflict societies. Many definitions of reconciliation focus on political, social and juridical factors. According to Bond (2006) the economic aspect of reconciliation is of great importance: "No peace without justice. No reconciliation without redistribution" (Bond, 2006, p.141).

Prior to the reconciliation process, peace needs to be accomplished. Peace is a pre-requirement for reconciliation processes (Daley, 2006). Daley defines peace as a period where stability is created by debate, compromise and the rule of law in order to establish a civil order which enables reconciliation processes (Daley, 2006). Moreover, the means of violence need to be constitutionalized by local, national, regional or even global authorities (Kaldor, 2002). Peace does not necessarily mean the end of violence, but it allows reconciliation processes to begin (Demmers, 2012). The role of return migration in the lasting peace process is highlighted by the report of UNHCR "there can be no lasting peace without initiatives to resolve the problem of refugees, returnees and displaced persons" (UNHCR, 1995, p. 51). When the refugees returned, the home country could move towards a "shared future" (Bloomfield, 2006, p.12).

Moving from the stage that peace is established, the process of reconciliation is dependent on the type of conflict and the way in which peace is established. According to Chapman reconciliation processes are strongly connected to the source of past abuses such as the government, social, political or ethnic groups (Chapman, 2009). The reconciliation will differ between conflicts that ended in victory or conflicts that end with a peace agreement between different parties. The more parties involved in the peace agreement the more complex the process of peace and reconciliation will be (Wallensteen, 2002). In the reconciliation process, the return of refugees became a key issue (Black & Gent, 2006).

As stated before "No reconciliation without redistribution" (Bond, 2006, p.141). This emphasizes the aspect of economic reconstruction as part of the reconciliation process. The return of refugees is a crucial part of economic reconstruction (Hart, 2001). Economic differences between returnees and non-migrants could lead to new tensions or new division in the society. As stated by a report on the World's Refugee Status by the UNHCR (1997) reintegration of returnees is the process in which "erosion – and ultimately the disappearance – of any observable distinctions which set returnees apart from their compatriots, particularly in terms of their socio-economic and legal status" takes place (UNHCR, 1997, p.9). Buckley-Zistel (2006) states, that reconciliation requires unity. However, in order to reach unity the inequalities between divided groups need to be addressed (Buckley-Zistel, 2006).

In this research the differences between economic performances, in terms of hourly wage, will be studied between returnees and non-migrants. This will be done in order to investigate the differences in economic performance between these two groups, a decade after the war. The investigated differences will be related to the reconciliation process.

2.3 Migration

Migration is a two-way process, as stated before, since most migrants intend to return, as stated before (Klinthäll, 2006). Before describing the return migration, the preliminary conflict-induced migration will be described.

Migration is often defined as change of residence by crossing an administrative boundary and is characterized by certain level of choice (Wood, 1994). There are several types of conflict-induced migration. Voluntary migration is often motivated by economic- or other benefits and takes place before the war (Castles & Miller, 2009). Forced migration related to conflict can exist of three different types: internally displaced persons, asylum seekers and refugees. Internally displaced persons, asylum seekers and refugees are all forced to flee their homes and are in search for protection. Internally displaced persons are displaced within the borders or their home country. Asylum seekers crossed international borders in search for refugee status. The United Nations Convention Relation to the Status of Refugees defines refugee as "a person that resides outside his or her country of nationality and is unable or unwilling to return of a well-founded fear for prosecution on account of race, religion, nationality, membership in a particular social group, or political opinion" (Castles & Miller, 2009, p.152). Within migrant movements it is hard to distinguish the different types of migrants. Economic motives for migration could be intertwined with threats or danger of the conflict. Refugee migrants could be divided by *rubicon* refugees and *odyssean* refugees (Klinthäll, 2006). *Rubicon* refugees are the migrants who are focused on the host country and who tend to stay permanently. In contrast, *odyssean* refugees are oriented towards their home country and have a strong wish to return.

The largest parts of refugee movements take place to neighbour countries. Wallensteen (2002) introduces the term *regional conflict complex*, a term that encompasses the interconnections and interrelations between conflicts in a region. The conflicts in Rwanda and Burundi in the Western part of Central Africa have been highly interconnected. Another example is the interconnected conflicts that arose after the disintegration of Yugoslavia. The increased refugee movements resulting from *new wars* are connected to the *regional conflict complex*. These refugee movements lead to indirect economic costs of conflict for neighbouring countries. The conflict in Rwanda led to over 500,000 refugees in Tanzania and approximately 1,2 million in the DRC (Kaldor, 2012). Similarly the conflicts after the break-up of Yugoslavia led to over 500,000 refugees in Germany. Due to the presence of refugees in neighbouring countries the host country could become more prone to conflict itself. Moreover, the presence of refugees could lead to tension in the hosting country since the

refugees form competition in terms of economic opportunities. Besides that the refugee camps could be experienced as permanent tension in the political spectrum. An example of interconnectedness is the refugee movement of Hutu *génocidaires* into the DRC. The refugee camps led to tensions in the DRC and resulted in mobilisation of Tutsis against the current regime (Kaldor, 2012). These described difficulties could lead to forced repatriation of refugees to their home country.

2.4 Return migration

As the first phase of migration has been described in the previous section, the three following phases are defined as repatriation. Repatriation exists of the preparation of return, the process of return and the post return integration (Black & Koser, 1999). The preparation of return of migrants is dependent on wide-ranging considerations of the migrant. King (2000) divides these considerations into economic-, social-, family-, and political categories. All these categories include pull and push factors. King (2000) states that positive pull factors of the home country are decisive in the return decision. Moreover, non-economic reasons are more important to most returnees than economic factors (King, 2000).

The process of return migration could be either voluntarily or forced. For instance, voluntary return could be spontaneous, self-organized, or planned by the international organizations, the host-, or the home country. Forced return could be an initiative of the host or home country or as a result of unpleasant circumstances in the host country. In both the planning and the process of the return the crucial decision of relocation must be made. Hammond (1999) says that return migration is often related to the idea of going home, return, and the reconstruction of old patterns. This is due to the assumption that migrants are out of place and in need to be put back in their old places. However, Hammond (1999) argues for a shift in this discourse. Returnees could face difficulties upon return. They are seen as the ones who flew in difficult times and they might have lost property which makes reintegration hard. Return migration should be seen, instead of return to the past, as a new beginning. Hammond (1999) argues that human lives, economies, and communities cannot as easily be reconstructed as buildings. Reconstruction of the community as it was before the war is difficult (Hammond, 1999). Moreover, a lot of refugees do not want to return to the same community or area as before the war. They see the return to their home country as a new beginning with new opportunities. Hammond (1999) states that wishes or needs of returnees are often neglected. An approach towards new possibilities and opportunities for returnees

could improve the last phase of the return cycle, which is the integration process for both returnees and the non-migrants in the home country (Hammond, 1999).

The last phase of return migration is the post return process. This process is central in this research. Return migration has consequences for the development of the post-conflict society. The consequences of return affect social, political and economic relations. This research relates the economic performance of returned refugees to the reconciliation process with non-migrants.

2.5 Economic consequences of return

The return of refugees influences the economic reconstruction of the post-conflict society. King (2000) separates four types of return migration. First of all, there is the return of failure. The refugees fail to adapt to the circumstances in the new region of country. Secondly, there is return of conservatism. This is return of *odyssean* refugees, those who were oriented at the home country. Thirdly, returnees who take new innovations, ideas, ambitious back home represent the return of innovation. And lastly there is the return of retirement which consists of non-working returnees. The last group is not of importance for this research. The first two types of return; the return of failure, and the return of conservatism, could have negative effects on their economic performance in the home country. In contrast, the return of innovation is more likely to have positive effects on economic performance of the returnees.

The economic consequences of the return of refugees is dependent a number of factors according to King (2000). First of all, it is dependent on the number of returned refugees. The more returned refugees, the higher the labour supply and thus the competition. Secondly, the duration of absence will affect the economic performance of the returnee. When the migration period was short the refugee could not gain any positive experiences. The longer the period, the more likely that human capital increased as a result of training or work experience in the hosting country or region. Thirdly, the location of both the exile and return are crucial. Higher economic performance upon return is more likely when the refugee resided in an urban region, according to human capital theories (Bertinelli & Zou, 2008). Fourthly, the social class of the returnee before and after the war influences the economic performance. Fifth, the nature of skills gained in the period of exile could increase economic opportunities upon return. And lastly, the way in which the return is organized has influence on economic performance of returnees. Different economic results could be expected between organized or spontaneous returns. When return is organized by the state or by international organizations,

the economic reintegration has been planned out which makes higher economic performance more likely.

There are different arguments for both negative and positive relationship between returned refugees and economic performance. The report of the UNHCR in 1997 concludes that returnees experienced a disadvantaged position in terms of property right and land ownership (UNHCR, 1997), and experience both in social and economic spectrum a marginalized position (UNHCR, 1997). In contrast, it has been argued that in the process of conflict-induced migration and return migration positive selection is taking place. This could be explained by the fact that returnees need to afford a second migration back to the home country. Both a negative and a positive relationship will influence the reconciliation process by the division of the groups.

2.6 Influences on reconciliation processes

The economic performances of returnees are strongly connected to integration and reconciliation in the post-conflict society. Integration is according to Preston (1994) the ability of individuals and groups to overcome differences and interact without conflict in social relationships. Economic reconstruction is a precondition of coexistence according to Haider (2009). Differences in economic performance between two groups are probable to limit the integration and reconciliation processes. This economic division between the returned group and the non-migrant group will undermine sustainable return and reconciliation according to Haider (2009). Since inequality is common cause of conflict (Bond, 2006) on macro-level, inequality leads to tension among individuals at micro-level as well. As stated in the research of Haider (2009) "[people] cannot reconcile when they are hungry". Reconciliation is more likely when people do not have to worry about economic differences (Haider, 2009). The economic differences between groups could lead to negative views on other groups that have higher economic performances (Haider, 2009). When refugees return and experience higher economic performance, non-migrants could get negative associations connected to the returnees. Refugees often experience difficult situations when they return as pointed out by the UNHCR (1997) and Haider (2009). Since returnees are seen as the ones who have been away (King, 2000). Moreover, the returnees will increase the competition and pressure on economic resources.

While it is impossible for refugees to "return to the status quo ante" (King, 2000, p.10), coexistence of returnees and non-migrants should be redesigned in the process of reconciliation (Bloomfield, 2006). Besides the dangers of increased tensions between returned

refugees and non-migrants, this return has positive effects as well. As stated before the returnees could stimulate the economic performance of the region. Moreover, the return of refugees is a symbolic legitimation of the post-conflict state. Since the refugees assessed the home country as being safe enough to return to, the post-conflict state has been strengthened (Black & Gent, 2006). Therefore, Hammond (1999) argues that all post-conflict efforts should focus on a new beginning instead of reconstruction and rebuilding the pre-war society. This, in order to stimulate the positive effects of returned refugees and the reconciliation process.

2.7 Previous research

Return migration has been neglected for a long time in several research fields. Most research on conflict-induced displacement is either connected to effects on mental health or remittances to the home country. As stated before the research on return migrations increased after 1970, and increased even faster after the 1990s as a result of the increased displacement and followed return migration.

The results from several studies are indefinite. Forced migration could have a negative effect on mental health since the forced migration indicates negative experiences with the conflict and the fear for live. Pham (2004) argues that people that were forced to migrate experience more often trauma. A similar research has been conducted on the case of Sudan where refugees appeared to have more often trauma's as well (Roberts, Damundu, Lomoro, & Sondorp, 2009). The higher vulnerability of refugees for traumatic experiences could negatively influence their economic performance and in turn reconciliation process. On the other hand, refugees could remain spared of war related occasions, as they flew from the country in conflict. According to the World Bank report on mental health in post-conflict societies migrated people "recalled the war experiences less often" (Do & Iyer 2009, p.17). This complements the argument for higher economic performance. It could be expected that less traumatic experiences will have a positive influence on economic performance. Other research, as already discussed, argues for positive selection into displacement (e.g. Klinthäll, 2006). The positive relation between returnees and economic performance could be due to positive selection into displacement which influences the economic performance after the return.

Two influential papers on the relation between return migration and economic performances were written by Kondylis (2007 & 2008). The first paper was written in 2007 on agricultural output and resettlement in Rwanda. In Kondylis' study, the effect of resettlement on agricultural output was investigated between a control group (the non-

migrants) and the returnees. Here, agricultural output was used as indicator of economic performance. OLS methods were used to regress agricultural household production on returnee status. With this research, Kondylis (2007) finds results that show higher returns in on-farm labour for returnees, compared to people who stayed during the conflict. Some speculations for this difference could be a higher motivation among returned people increases economic performance; moreover, returnees seem to re-settle in "more-productive" areas in Rwanda (Kondylis, 2007, p.25).

The second paper from Kondylis (2008) is specified on labour market outcomes and conflict displacement in BiH. The aim of this research is twofold. First of all, it was investigated whether positive selection into displacement took place in BiH. Secondly "the effects of displacement on labor market outcomes" were examined (Kondylis, 2008, p. 16). The research has similar aspects as the paper on Rwanda (Kondylis, 2007). In contrast, employment status is chosen as indicator for economic performance, instead of agricultural output as had been used for Rwanda (Kondylis, 2007). From the research on BiH, Kondylis (2008) concludes that conflict-induced displacement has a negative impact on labour market performance. Since returnees seem to experience a higher chance of being workless. Moreover, selection into displacement took place during the war between 1992 and 1995. The probability of displacement of more skilled people was greater compared to less skilled people (Kondylis, 2008). These conclusions are of great importance in the economic reconstruction since it signifies the vulnerable position of returnees in of post-war BiH.

The two studies of Kondylis (2007, 2008) show contrasting conclusions for the performance of returnees compared to non-migrants. This can be explained by different research aims and complete different datasets that are available for the two countries. The two studies have different approaches and use different methods and indicators. For BiH measurements for labour market performances are used while in Rwanda agricultural output is the dependent variable. Therefore, the studies can hardly be compared for BiH and Rwanda.

This study will be different, not only in the comparative approach, but also in variable selection and the time frame examined. The examination of returnees in two contrasting cases indicates the effect of displacement and return migration on economic performances. Economic performance is indicated by using hourly wage in this study. The investigation of economic performance of returnees could indicate the integration of the two groups and be related to reconciliation. In this way the research contributes to the field of post-conflict studies and studies on return migration. The process of reconciliation intends to reduce differences between divided groups (Buckley-Zistel, 20026) such as returned refugees and

non-migrants. However, if differences between divided group are not taken into account sufficiently the creation of unity is hindered (Buckley-Zistel, 2006). Therefore, significant differences between the economic performance of returned refugees and non-migrants a decade after the war, could limit the process of reconciliation.

3. Background conflicts

3.1 Background Bosnia-i-Herzegovina

The Balkan conflicts in de the 1990s were the result of the collapse of Yugoslavia. Yugoslavia was created after the First World War as a monarchy. After the Second World War, Yugoslavia became a communist state and consisted of six republics; Slovenia, Croatia, Macedonia, Vojvodina, Serbia, Montenegro, Kosovo and BiH. The capital was the Serbian capital Belgrado. In the early 1990s the collapse of communism led to escalating tensions within Yugoslavia. This, together with the increased dominance of Serbia under Slobodan Milošević led to the Yugoslavian war. These tensions resulted in the separation of Slovenia and Croatia from the federal state of Yugoslavia in 1991. This, in turn, led to increased tension in the whole state and eventually to civil war in both BiH and Croatia. BiH was, with Bosnian-Muslims, Serbs and Bosnian-Croats, the most multi-ethnic republic of Yugoslavia. The threat of Milošević's Greater Serbia led to the declaration of independence of BiH in 1992. However, three ethnic groups were competing for this nation. This conflict between the Bosnian Muslims, Bosnian Croats and the Serbs is often called the bloodiest conflict in Europe since the Second World War. While the Bosnian Muslims consisted of more than 40% of the population of BiH they were left with no more than 10% of the territory in 1993. The conflict was characterized by ethnic enclaves and international intervention.

By signing the Washington Peace Agreement in 1994 the Bosnian Muslims and the Bosnian Croats created the Federation of Bosnia-i-Herzegovina. In 1995 the Dayton Peace Agreement was signed by all three parties. Estimation suggest that 100.000 people were killed and around a 1.000.000 people fled to neighbouring countries in the war years 1992-1995. Both the displaced and killed people were mainly Bosnian Muslims. The Dayton Peace Agreement that was signed divided the country in two parts; the Federation of Bosnia-i-Herzegovina and Republica Srpska. This division led to difficulties of reintegration of divided groups after the war. The right to return for refugees were captured in the Dayton Peace Agreement:

> *All refugees and displaced persons have the right freely to return to their homes of origin. They have the right, in accordance with Annex 7 to the General Framework Agreement, to have restored to them property of which they were deprived in the course of hostilities since 1991 and to be compensated for any such property that, cannot be restored to them. Any commitments or statements relating to such property made under duress are null and void.*
>
> (Source: United Nations Security Council, 1995 pp.94-95)

However, most municipalities in BiH seem to remain homogenous (UNHCR, 1997). It has been argued that Serbs refused the Bosnian Croats and Bosnian Serbs to return to their previous municipalities in the Republica Srpska (UNHCR, 1997). This limited the return of refugees and simultaneously the reconciliation process.

3.2 Background Rwanda

The conflict in Rwanda is often seen as a centuries-old tribal conflict. The relation between these centuries' old-tribes led often to migration movements throughout the whole region. However, new perspectives argue that the conflict was a modern struggle for power and wealth (Pottier, 2002). The centuries-old tribes existed of the Twa, Hutu; mainly agricultural farmers and Tutsi; mainly cattle farmers. The identity of Tutsi or Hutu in the pre-colonial era was mainly based on wealth regarding cattle which boundaries were sharpened during colonial rule of first Germany, followed by Belgium. The latter have been considered of being a supporter of the Tutsi aristocracy and simultaneous strengthening the Tutsi-Hutu divide. Agricultural- and political reasons were often triggers for migration. Forced migration was experienced under the rule of Rwandan King Kigeri Rwabugiri which led to the migration of approximately 150.000 Tutsi's towards Southern parts of the Kivu region (Pottier, 2002). As stated before, the relation between these groups led often to migration movements throughout the history of Rwanda.

These previous migration movements are related to the conflict that started in 1990s. As Pottier (2002) argues land scarcity often leads to the claim of land on basis of social status. This social status can abruptly switch in tense times where immigrant status can be a disadvantage (Pottier, 2002). Additionally, migration to Uganda played a role in the eruption of the civil conflict. Migration to Uganda has been enormous both for Hutu and Tutsi and both during colonial times and afterwards. However, in the second half of the twentieth century anti-Tutsi sentiment increased in Uganda since the Rwandan refugees were no longer seen as temporary- but as permanent competition in Uganda. This, together with the new pro-

Tutsi president Museveni, led to the invasion of the Rwandan Patriotic Front (RPF) of Rwanda ruled by Hutu president Habyarimana. This resulted in a civil conflict that lasted from October 1990 until the signing of the Arusha Peace Agreement on the 4th of August 1993. In this agreement, both the Rwandan government and the RPF signed for a power-sharing government.

In the Arusha Peace Agreement it was agreed that refugees are free to return to Rwanda. Moreover, the government would make land available and property could be repossessed:

> *The return of Rwandese refugees to their country is an inalienable right and constitutes a factor of peace, national unity, and reconciliation. [..]*
> *For purposes of settling returnees, the Rwandese Government shall make lands available, upon their identification by the "Commission for Repatriation" so long as they are not currently occupied by individuals. [..]*
> *The right to property is a fundamental right for all the people of Rwanda. All refugees shall therefore have the right to repossess their property on return.*
> (Government of the Republic of Rwanda and the Rwandese Patriotic Front, 1993, p.36)

However, the Arusha Peace Agreement did not last long. The plane crash of president Habyarimana, which was most probably shot down, led to renewed escalation of tensions. This resulted in direct mobilization of the so called *Interahamwe*, the Hutu paramilitary forces. In the hundred days that followed around 800.000- 1.000.000 people were killed, and let to over 2.000.000 refugee migration to neighbouring countries. While the Arusha Peace Agreement had a separate section on the return of refugees, the victory of the RPF led to new refugee movements into neighbouring countries. These refugees fled because of fear of the RPF which is stated by Kayobokye: "Kayobokye says he fled, like hundreds of thousands of Hutus like him, mainly because they feared to be killed in reprisal massacres by the RPF. Many, many people were sure the RPF were out to kill any Hutu they found so they fled." (UNHCR Rwanda Returnee News, 2004). This victory, thus led to new refugee movements into neighbouring countries.

3.3 Refugee situation

Both the conflict in BiH and Rwanda had enormous migration movements as consequence. The migrants existed of IDP's and refugees to foreign countries. Figure 1 shows the estimated

number of refugees for BiH and Rwanda. This shows that in Rwanda the amount of refugees was more than double compared to BiH. In Rwanda the migration movement started during the civil conflict and peaked during the genocide in 1994. For BiH the estimations start in 1992 when BiH became an independent country. Therefore, refugee statistics for BiH before 1992 are unknown. It is likely that migration already took place before 1992 since the political situation was already tense since the end of the Cold War.

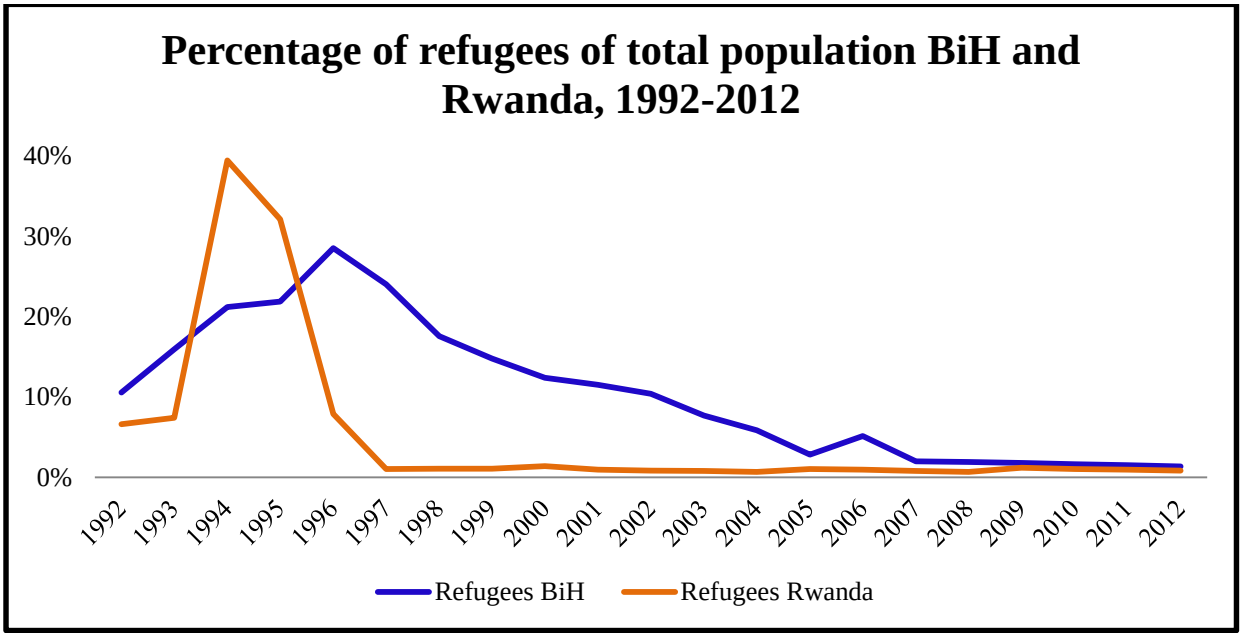

Figure 1: Percentage of refugees of total population for Bosnia-i-Herzegovina and Rwanda, 1992-2012
Source: World Bank online database, author's graph

Figure 1 shows that the refugee population in Rwanda decreased faster, compared to BiH. However, data collection and measurement problems need to be taken into account. As stated in the World Refugee Report of 1991: "counting refugees is at best an approximate science" (US Department of State, 1991, p.85). Moreover, measuring the number of refugees in a country is hard since refugees can be illegal or unknown in the hosting country. These limitations are taken into account, and therefore the figures are only used to observe general trends of refugee movements for both countries.

3.3.1. Bosnia-i-Herzegovina

The return of refugees to BiH has been problematic. This is likely to be a result of the continued division of the country in the Federeation of BiH and the Republica Srpska. In the Dayton Peace Agreement the right of refugees was clearly stated and assumed the return of high number of refuges. However, the return of refugees to BiH remained low (Van Metre & Akan, 1997). While 870.000 returnees were expected in 1996, only 250.000 actually resettled. This is often explained by the fact that the refugees originated mostly from minority areas. The resettlement of minority groups within majority areas could lead to new political tension

or violence (Van Metre & Akan, 1997). Thus, the return of refugees to BiH became highly political (Van Metre & Akan, 1997).

More specific information on the refugee movement from BiH is given in table 1 and figure 3. The table shows the main hosting countries of refugees from BiH for the years 1995 until 2004. Most refugees seem to have requested asylum in Germany in 1995, the following years in other countries that are not registered and from 2000 onwards Serbia and Montenegro are the main hosting countries of BiH refugees.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Serbia Montenegro	84,747	250,744	241,438	200,937	198,213	**189,959**	**143,094**	**121,449**	**99,785**	**95,297**
US	19,413	31,656	53,082	82,137	97,504	106,410	108,803	92,293	61,834	39,393
Germany	**320,000**	330,000	245,000	100,000	50,000	30,000	24,000	40,531	38,688	30,083
Denmark	23,629	25,598	26,987	27,222	27,344	27,519	26,139	27,851	25,395	22,176
Netherlands	18,299	22,042	23,675	23,833	23,969	24,229	24,439	24,556	19,943	13,518
Other	303,665	**333,828**	**259,059**	**205,946**	**201,163**	126,864	120,846	99,768	54,361	28,872
Total	769,753	993,868	849,241	640,075	598,193	504,981	447,321	406,448	300,006	229,339

Table 1: Bosnian refugee population, main asylum countries 1995-2004
Source: United Nations High Commissioner for Refugees (2004).

Corresponding figure 3 shows the refugee population that fled from BiH to foreign countries on the left scale and the total refugee population on the right scale. This figure shows the development of return migration of refugees from the different hosting countries. While the refugee population from BiH in Germany is decreasing after 1996, an increase in the refugee movements to the United States is shown. In all included countries, the size of refugee populations seem to decrease from 2001 onwards, with the exception of a slight increase for Germany.

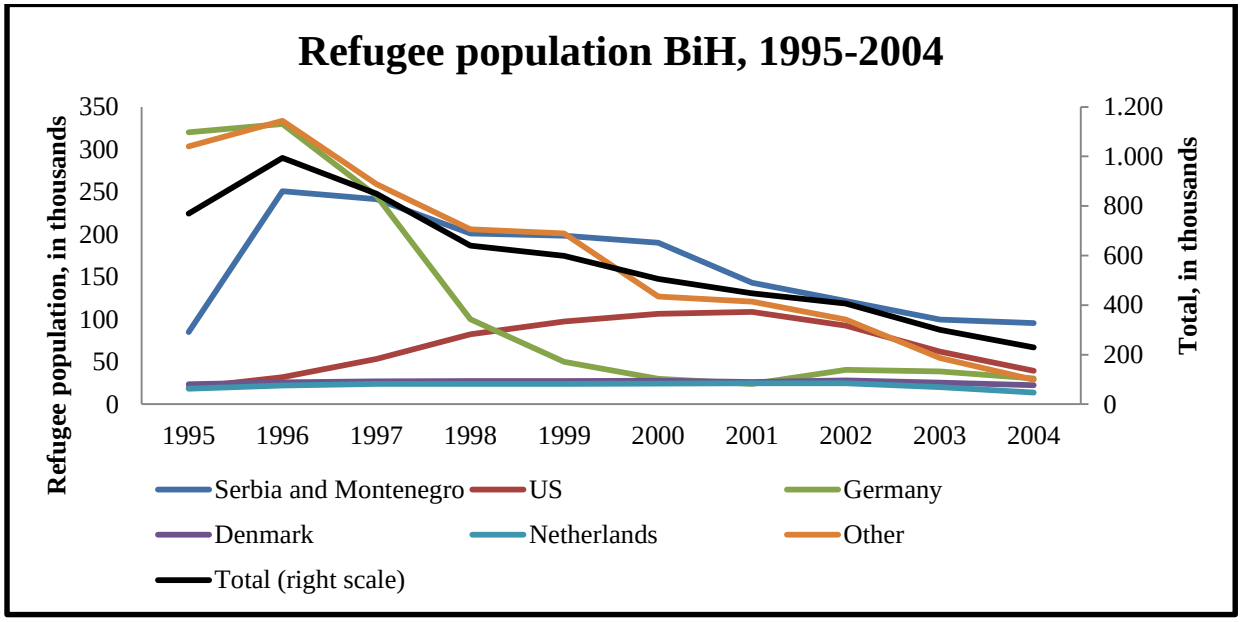

Figure 2: Figure 3: Bosnian refugee population, main countries (1995-2004)
Source: Statistical Yearbook, United Nations High Commissioner for Refugees (2004).

3.3.2 Rwanda

In BiH the three critical ethnic identities in the conflict were still present after the war, while in Rwanda the ethnic identities were abolished. The ethic identities of Hutu and Tutsi were forbidden and the collective Rwandan identity was promoted. To which extent this is effectively implemented is discussed since it is argued that missing refugees were criminalized by the Rwandan Government (Pottier, 2002). On the one hand unity is crucial for the reconciliation process, while on the other hand denial of differences in society could work counter-productive (Buckley-Zistel, 2006).

Organized return of Rwandan refugees in foreign countries took place by closing refugee camps and voluntary return. Economic and political stability which characterizes the reconstruction of Rwanda made return more attractive. Within the group of returning refugees, a distinction has been made between *Old Case* refugees and *New Case* refugees. Old Case refugees are refugees that flew before 1990 and started returning to Rwanda after the Arusha Peace Agreement. New Case refugees in contrast are refugees who flew from the civil war or genocide. The Old Case refugees resided mostly in Uganda, while New Case refugees often went to the DRC and Burundi. Directly after the genocide the number of Rwandan refugees reaches a peak of more than 2 million, which is almost 40% of the total population (The World Bank Online Database, author's own calculations).

In 2013 a cessation clause was introduced which means that the refugee status of Rwandans abroad expires. This was a result of an assessment that started in 2002 of the UNHCR that stated that Rwanda is ready to receive all refugees and that the country is safe to return to (UNHCR briefing notes, 2013). As stated before, missing refugees in Rwanda were criminalized by the government (Pottier, 2002). However, this can be nuanced by statements of former refugees from Rwanda:

> *The reason he spent so many years in exile, he said, was because he feared that if he came back government authorities or security agents would victimise him and send him to jail, or do something really bad to him. Now I know that all the things I was told in the camps were not true.* (UNHCR Rwanda Returnee News, 2004).

> *It is almost seven years since Kayobokye resettled in Kigali and he has faced no problems other than the difficulties rebuilding a new life with his family.* (UNHCR Rwanda Returnee News, 2004)

From these and other stories included in the Rwandan Returnee news, it seems that returning to Rwanda was a possibility. As Pottier (2002) argues, the conceptions and representations of the safety situation exist often of disinformation.

In table 2 and figure 4, the number of Rwandan refugees in different countries is shown. From the graph and figure, it seems that the DRC received most Rwandan refugees after the genocide in 1994 and keeps this position until 1999. In contrast, Burundi experienced most Rwandan refugees before the genocide.

	1993	1994	1995	1996	1997	1998	1999
Burundi	**245,500**	278,100	153,000	720	2,000	2,000	1,300
DRC	3,500	**1,252,800**	**1,100,600**	**423,600**	**37,000**	**35,000**	**33,000**
Tanzania	51,900	626,200	548,000	20,000	410	4,800	20,100
Uganda	97,000	97,000	6,500	11,200	12,200	7,500	8,000
Total	447,900	2,254,100	1,808,100	455,520	51,610	49,300	62,400

Table 2: Rwandan refugee population, main asylum countries 1993-1999
Note: 31 December of each given year. Highest number of refugees in bold.
Source: United Nations High Commissioner for Refugees Representation in Rwanda. (2004).

Figure 4 shows that the return of refugees in Rwanda seems to have proceeded rapidly compared to the return in BiH. This could be a result of the different approaches of stimulating the return of refugees. Since pre-war refugee statistics are now available, it cannot be stated that the pre-war level was reached around 1997. However, the 1997 level of refugee population in foreign countries seem to be lower than the level in 1993.

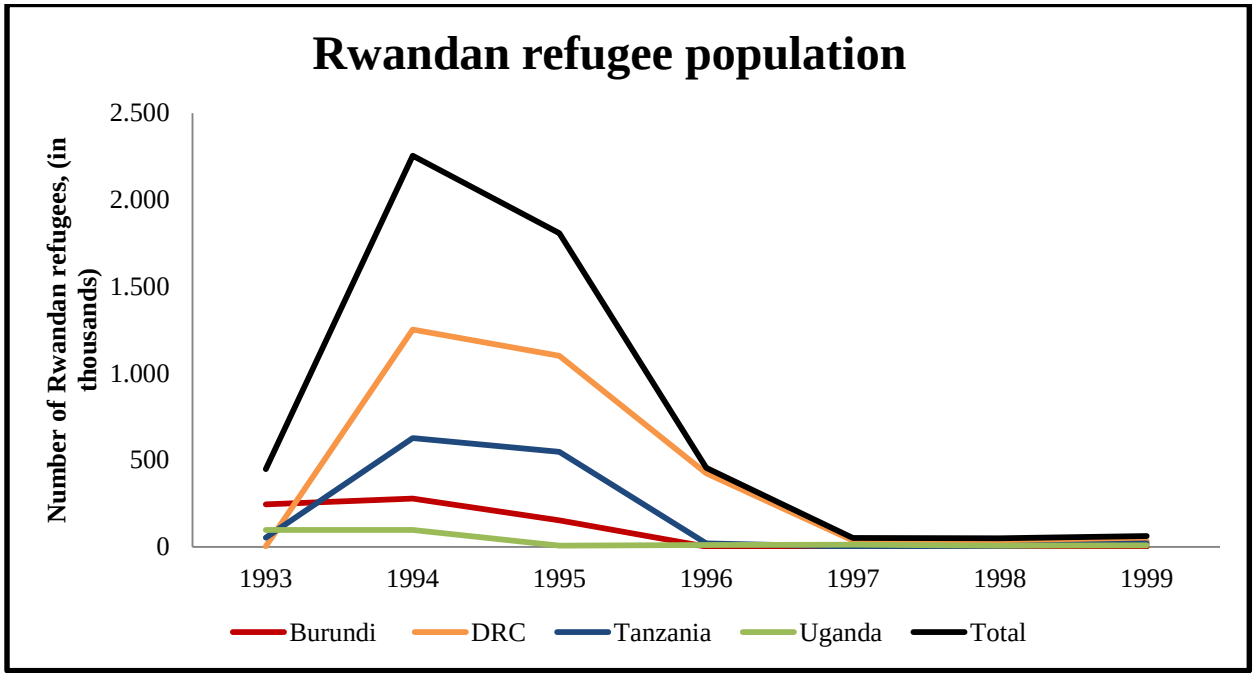

Figure 3: Rwandan refugee population, main countries (1993-1999)
Source: United Nations High Commissioner for Refugees Representation in Rwanda (2004).

4. Methodology & Data

4.1 Comparative approach

In order to investigate the theories on the effect of return migration of refugees on economic performance, a comparative approach will be used. Some studies state a negative-, while others identify a positive relationship between return migration and economic performance (e.g. Klinthäll, 2006). By comparing this relationship for two different cases, similarities and differences could be identified. Therefore, BiH and Rwanda were chosen. These two countries were, and still are, different in terms of economic, political and cultural situations. This holds for pre-conflict, conflict, and post-conflict periods. The basis of the comparison will be the contextual differences that allow investigating of common patters in the economic performance of returnees.

Although Rwanda and BiH are two contrasting cases, some similarities can be found. First of all, both countries experienced civil conflict between 1990 and 1995. Secondly, in both cases the civil conflict was highly connected to ethnic division between groups within the country which led in both cases to genocide. Third, and most important for this research, both conflicts resulted in enormous migration movements to foreign countries as well as internal displacement. The equivalence between these two cases makes comparison useful.

The data for both countries is comparable. Both surveys are conducted in order to investigate living standards and include information on migration status. However, the data sets are not identical. Variables needed to be constructed in order to make the datasets comparable for this research, as explained in more detail in section 4.4. The data for both countries were treated in an equal manner in order to make the comparison possible. Only two cases are used in order to ensure in-depth analyses.

The comparison between the two radically different cases allows identifying aspects or relationships that are general across countries, cultures and economies. This gives the possibility to test the theory on the positive relation between return migration of refugees and economic performance (Klinthäll, 2006). If the results of this study indicate that returnees received higher economic performance in terms of hourly wage compared to non-migrants, the cases support the theory on the positive relationship between returnees and their economic performance. Contrasting, the comparison could also indicate differences in the two cases. Most likely there are influencing factors that are unique for each case. This could lead to new questions that could build upon the existing theory on return migration and economic performance.

4.2 Ordinary Least Squares

In order to compare the two contrasting cases of BiH and Rwanda, multivariate regressions will be used. Hourly wage will be used as indicator of economic performance for both countries, as will be explained in more detail.

Hourly wage is thus the dependent variable in the multivariate regression. The OLS approach is used to estimate unknown parameters under the assumption of a linear regression. That the regression is linear in parameters is the first assumption. Besides that, OLS methods us depend on a set of assumptions. The second assumption is that the error term has zero population mean. Third, the error term is not correlated with the independent variables. Fourth, there is no serial correlation between the variables and firth no heteroskedasticity. The sixth assumption is that there is no perfect multi-collinearity and finally it is assumed that the error term is normally distributed. The following econometric model is specified that is linear in the model parameters, after which the assumption will be tested.

$$\boldsymbol{Y_i}=\alpha+\beta 1X1_i+\beta 2X2_i+\beta 3X3_i+\beta 4X4_i+\beta 5X5_i+\beta 6X6_i+\beta 7X7_i+\beta 8X8_i+\beta 9X9_i+\varepsilon_i$$

4.3 Models

To date, various quantitative methods have been used to determine economic performance. Economic performance can be measured in different ways and at different levels, such as a global, national, or individual level. While national economic performance if often measured by Gross Domestic Product, which is highly debated, individual performance could be measured using wage. Wage is a "basic measure of [..] economic performance and most associated with its standard of living" (Porter, 2010, p.550). This study uses wage as dependent variable to measure economic performance as wage could be seen as an individual reward for economic performance (Porter, 2010).

Scholars, such as Drolet (2002), have been arguing in favour of hourly wage as dependent variable in multivariate regressions. Since hourly wage is more specific than weekly, monthly or yearly wage and fades out the difference between men and female wages. The latter, due to the fact that men tend to work more hours per week which results automatically in higher weekly wage (Drolet, 2002). Although working conditions in BiH and Rwanda could not be generalized in similar models as used for Western countries, hourly wage can also be expected to be more specific in this research.

This research will follow well-known economic theory on key factors that are influencing wage. In the literature, effects of education or job experience on wage are often estimated using OLS methods in multivariate regression models. Previous models that

estimated hourly wage often focus on the wage gap between male and female workers. Typical variables that are used to estimate wage are age, sex, level of education, previous working experience, civil status and location. This can be written in a simple econometric model:

Wage = f (age, sex, level of education, previous working experience, civil status, location) + u

These standard models are often used for developed economies. However, the standard variables used to explain wage will most likely be applicable for the cases of BiH and Rwanda as well. It can be expected that age, sex, education, previous working experience, marital status and location are influencing wage in both countries. Besides these variables, variables are added that control for the migration status of individuals. First of all, migration status is captured in a dummy which indicates whether a person migrated. Secondly, the migrants are divided by three different migration reasons: migration because of the conflict, migration because of employment, migration had other reasons. This will give insight in the relationship between different types of migrants and hourly wage.

The first model will estimate the differences in wage between all migrants and non-migrants for BiH (2004) and Rwanda (2005 and 2010):

Model 1
Hourly Wage = f (sex, age, move dummy, occupation status, civil status, urban/rural)

The second model will estimate the effect of different migration reasons on hourly wage. First of all, the reason for migration related to the conflict is included. Second, the migrants that migrated related to employment, and finally migrants with other reasons are incorporated.

Model 2
Hourly Wage = f (sex, age, moved because of war, moved because of job, moved because of other, occupation status, civil status, urban/rural)

This second model will be estimated for BiH (2004) and for Rwanda (2005 and 2010). Since the conflict in BiH ended in 1995 and in Rwanda in 1994 the post-conflict years (9 years for BiH and 11 years for Rwanda) are not equal. Although it is only two years, this needs to be taken into account. However, the genocide in Rwanda ended in 1994 but with the victory of the RPF it is argued that the violence did not end directly (Pottier, 2002).

When the second model indicates a difference in hourly wage between refugee migrants and non-migrants in BiH and Rwanda, a third model will investigate the period of exile in more detail. This information on the period of exile could provide explanatory factors that influenced the migrants during exile. This is related to the aim of this research to investigate the relation between return migration of refugees and the process of reconciliation and reconstruction. In order to do this, the differences in hourly wage between returned refugees and non-migrants must be analysed in depth. Therefore, the third model will estimate detailed factors that could have an influence on hourly wage of returnees.

The dataset for Rwanda provides more information regarding the migration period. Therefore, the third model will only be estimated for Rwanda for 2005 and 2010. The model will be expanded by adding a variable on the time the returned refugee is back in Rwanda. A second variable for the type of place the refugee resided during the migration, such as capital, city or rural area. A third variable is added for the place where of residence in the period of migration, which ranges from a district within Rwanda, a neighbouring country, or another country in the world. And a fourth variable that captures the time of the migration period. With adding these variables, the migration period can be investigated in more detail. In order to do this the model will only exist of the returned refugees. Non-migrants and migrants who had other migration reasons are excluded from the model. This more detailed approach gives more insight in whether there is a difference between returned refugees that temporarily migrated to Burundi, to the Democratic Republic of Congo (DRC) or stayed within the territory of Rwanda. This adds to the understanding of the economic performances of the returned refugees. Besides that it gives insight in human capital accumulation in neighbouring countries as well as to the understanding of *regional conflict complex* (Wallensteen, 2002). This third, detailed model will be estimated for Rwanda for 2005 and 2010.

Model 3
Wage = f (sex, age, occupation status, civil status, urban/rural, years back, type place, place)

4.4 Data description

The data for both BiH and Rwanda is cross-sectional micro-data derived from questionnaires that are repeatedly held. In addition to other limitations, the data available is obviously not completely identical in both countries.

The data for BiH is drawn from the Living Standard Measurement Survey (LSMS) for 2004 which is part of a panel that is available for the years 2001 till 2004. The surveys were carried out by the State Agency for Statistics (BHAS), the Republika Srpska Institute of Statistics (RSIS) and the Federation of Bosnia-i-Herzegovina Institute of Statistics (FIS) in co-operation with the World Bank. The aim of the survey was to collect comprehensive information on living standards to statistically investigate well-being, basic needs, and to evaluate government policies. The Household Survey Panel Series (HSPS) project was supported by the Department for International Development and the Institute for Social and Economic Research (ISER) both in the United Kingdom. The sample existed of 1338 respondents in the Republika Srpska and 1631 from the Federation of Bosnia-i-Herzegovina which makes in total 2969 respondents. This is a sample out of a total population of 3.9 million in BiH in 2004. The corresponding report on the fourth wave of the LSMS from 2004 indicates that the households located in the Federation are generally 'better off in terms of mean household income from all sources' compared to households in the Republika Srpska.

The data for Rwanda is provided by the National Institute of Statistics of Rwanda and is the product of the five-yearly conducted Integrated Household Living Conditions Survey (IHLCS) or Enquête Intégrale sur les Conditions de Vie des ménages (EICV) in French. Similar to the data for BiH provides wide-ranging information on population composition, living conditions, well-being, employment, consumption, poverty, inequality and most important for this research migration behaviour. To date the data is available for the years 2000, 2005 and 2010. This research will use the 2005 (EICV2) and 2010 (EICV3) samples. Due to changes in the survey methodology between the surveys the first survey from 2000 is excluded from this research. The total sample size for EICV 2000 was 34,785 individuals and for EICV3 in 2010 68.398. This is a sample out of the total population in Rwanda existing of 9.5 million and 10.5 million in 2005 and 2010 respectively.

The first and most important limitation of the datasets for this research is that the datasets are not identical. Both surveys provide information on similar topics but are often slightly different. Moreover, both surveys are repeatedly conducted but differ slightly for each year. This leads to main restrictions for this research. The differences between the repeated surveys make it hard to track individuals through the different datasets which makes it hard perform panel data analysis. For the dataset for BiH panel data analysis would be a possibility which is shown by Kondylis (2008) but difficulties with tracking individuals in the repeated survey for Rwanda make this difficult. Since in this study it is priority to make the two cases as alike as possible, one year is chosen for each case and similar models are established. It

must be taken into account that information is lost by excluding this data in the analysis of both countries.

4.5 Variable construction

Due to differences in the data sets some variables were constructed out of provided information. The differences in the data set were answers on the questions concerning civil status, sector of occupation and migration status. From these answers, categories are constructed to make the variables used in the model identical for the cases of BiH and Rwanda. The construction of the variables is explained in the following section.

4.5.1 Variable construction Model 1 & Model 2

All used data sets provide the same information concerning migration reasons. This information needs to be constructed in equal ways to make exact same models for both countries. The number of observations differs between the different models. For BiH the first and second model exist of 1,392 observations out of the original 2,969 respondents in the survey. For Rwanda the first and second model exist of 18.528 observations out of 34,785 respondents in the original dataset for 2005 and 8,180 out of 68,398 for 2010. This is due to missing data for key-variables as hourly wage and migration.

Another key-variable that needed to be constructed was hourly wage. As argued before, hourly wage is most specific as dependent variable. The variable hourly wage was constructed with the use of monthly wage and monthly working hours.

Previous reports on wage in BiH identify the existence of a wage-gap between men and women (Dedic, 2012). In this report the wage-gap is mainly explained by the difference in education levels between men and women in BiH. Besides that also the distribution of employment sectors differs between men and women (Dedic, 2013). The report from the Friedrich Ebert Stiftung (Dedic, 2013) states that an average work week consists of 40 working hours with an average wage of 505 Bosnian Mark (BAM) a month. It is also plausible that increased age results in higher wages (Dedic, 2013). The used data on BiH indicates an average work week of 44 hours and an average wage 595 BAM, which is close to the estimations of the Friedrich Ebert Stiftung (Dedic, 2013), see table 3. Table 3 summarizes the used data and shows that men in BiH earn slightly higher hourly wages compared to female.

A report from 2005 on wages in Rwanda state that men experience slightly higher wages compared to women (Ezemenari & Wu, 2005). The two main sectors in the Rwandan economy are agriculture and services. Workers in agricultural sector earn lower wages

compared to other sectors (Ezemenari & Wu, 2005). Average wage per hour in Rwanda is 450 Rwandan Frank (RWF) (WageIndicator Foundation, 2012). Table 3 shows that females earn higher wages in the used sample for Rwanda 2005. This seems unlikely compared to the previous research on the wage-gap in Rwanda (Ezemenari & Wu, 2005). The higher wages among female in the survey for Rwanda 2005 could be explained by looking at the the descriptive statistics in Appendix 1. This shows that in the survey for Rwanda 2005 more females are working as employees compared to males.

Hourly wage in US dollars $	**BiH 2004**	**Rwanda 2005**	**Rwanda 2010**
Non-migrants	1.63	0.13	0.40
Migrants	**1.75**	**0.25**	**0.76**
Male	1.72	0.13	0.62
Female	1.55	0.23	0.57
Migrant, male	1.89	0.28	0.79
Migrant, female	1.61	0.24	0.70
Migrant war, male	1.46	0.27	0.73
Migrant war, female	1.48	0.24	0.76

Table 3: Summary statistics mean wages for migrants and non-migrants
Source: Author's own calculation using household data sets:
Source BiH: The World Bank Data. Data Access Agreement for the Bosnia and Herzegovina Living Standards Measurement Survey Panel Data, 2004.
Source Rwanda: National Institute of Statistics of Rwanda. Integrated Household Living Conditions Survey (EICV), 2005 & 2010.
Exchanges rates dollars for 2004, 2005 and 2010 from
http://www.xe.com/currencytables/?from=RWF&date=2010-05-23

In all the used data sets information has been provided on occupation categories. Out of this information three categories concerning occupation were constructed. These categories take the value of 0 if a person was working in agricultural sector, 1 if the person was a paid-employee, 2 if the person was an employer and 3 if other. This has been constructed equally for both countries. Information on the distribution of male/female and migrant/non migrants in these different sectors is shown in Appendix 1. Another categorical variable that was constructed is civil status. Using slightly different provided information on civil status in the used data sets, equal categories were constructed for both countries. The civil status variable takes the value of 0 if married or living together, 1 if divorced, 2 if widow, and 3 if the persons was single.

The dummy for migration status was constructed out of the information on the questions if the person has always lived in the recent place. This question has been asked in all three surveys. The answer was given with a simple yes or no. The dummy variable for migration is 0 when people always lived in the recent place and 1 for people who have migrated. The first model will make use of the migration group as a whole. In this model there will be no difference made between the reasons for migration.

The second model will separate the migrant group on the basis of their reason for migration. In all three surveys it has been asked what the main reason for migration was. This gives the possibility to divide three different types of migrants, and allowed for more detailed investigation on the people who migrated because of war. The first type existed of the people who migrated due to the war. This group existed of IDP's within Rwanda and returnees from abroad. Secondly, people who migrated with employment reasons. And the third type consisted of people who had other migration reasons than mentioned before, such as, family or health reasons. From these types, three dummies were created out of the possible answers; migration reason related to the war, employment or other reasons. The answers given in the BiH questionnaire were war, property occupied, security, no adequate living conditions, family reasons, job, returnee, property destroyed in the war or, other reasons. The migrants that answered because of war, property occupied, security, returnee, and property destroyed in the war were gathered in the first dummy; moved because of war. People who moved because of war existed of IDP in Rwanda or returned refugees from abroad. The second dummy consisted of people who moved because of employment. And the third dummy included all other migration reasons. Similar dummies were created for Rwanda. The possible answers for reason to migrate in the questionnaire for Rwanda range from employment, marriage, family reasons, studies, conflict or disasters, health, commerce, lack of land, lack of employment desire to return to country or other. A dummy was created for the migrants that answered that the reason of moving was related to the war. The people who migrated related to the war existed of IDP's and both old and new case returned refugees. The people who migrated because of employment opportunities were collected to construct the second dummy. The other answers were collected in the third dummy.

The described variables concerning migration are crucial in this study. The dummy providing information on people migrated because of the war distinguishes the conflict-induced migrants from the non-migrants and migrants with other reasons. The conflict-induced migrants indicated by this dummy, consisting of IDP's and returned refugees from abroad. Including this information as independent variable will give insight in the influence of different migration reasons on hourly wage, which is the aim of this research. The dummy containing employment or labour migrants is included since it was expected that labour migrants will have higher wages compared to other migrants and non-migrants. Lastly, the dummy on migrants with other migration reasons was included in order not to exclude other migration reasons, such as health- or family reasons.

4.5.2. Variable construction model 3

The third, more detailed, model for Rwanda for 2005 and 2010 has only been estimated for Rwanda. This has been done since the data sets for Rwanda entail more detailed information on migration. In the survey questions were included indicating the situation of the returnees. These questions give specific information on the place where the migrants stayed during exile, the urban or rural characteristics of this place, the time of living in exile and the year of return. The third model only includes the sub-group of people that migrated due to the war and returned to Rwanda. This group exist of refugees to foreign countries and IDP's within Rwanda. This results in reducing the model to 3.764 and 1.267 observations for 2005 and 2010 respectively. However, the number of observations is still assessed as sufficient for the use of OLS methods.

First, information has been included on the place of residence. The answers could vary from places within the borders of Rwanda, neighbouring countries, other African countries or other countries in the world. This gives information on the gained skills or accumulation of human capital while residing in the concerned location. As explained before, it is expected that refugees that resided in other countries in the world instilled useful skills during the period of migration abroad compared to a persons that stayed in Rwanda. Moreover, it is expected that a person staying in a more developed neighbouring country gained new skills during the migration. This could in turn lead to higher hourly wages after returned to the home country. However, keeping in mind the *regional conflict complex*, the stay in an unstable neighbouring country could lead to loss of skills or traumatic experiences. Besides the possibility of staying inside Rwanda, the countries range from Burundi, DRC, Uganda, Tanzania, other African countries, and other countries in the world.

Second, a variable was created out of the questions in what type of place the migrant stayed. Categories were constructed which can take the value of 0 for the stay in the capital city Kigali, 1 for residence in other cities, 2 for urban areas, and 3 for rural regions. It is expected that migrants who lived in the capital will earn more compared to migrants who lived in other cities, urban or rural areas.

Third, a variable has been included that reflects how long the person has been living in the current place. The question in the survey was: *Length of stay since the last return*. This was answered in years and corresponds to place of the recent residence. This place, however, does not necessarily correspond with the place where the person lived before the migration or war. The years of return and living in the current place indicate the integration in the new residence and working place. The number of years that a person has been returned is at the

same time connected to in which period the person returned. When a person in the survey for 2005 indicates to be returned for 10 years, this means that the return took place in 1995 which was quickly after the conflict. This could indicate that the person had 10 years for integrating in the current place of living. The higher the number of years returned, the higher the expected level of integration.

The explained variables that will be included in model 3 give more insight in the situation of the returnee. It has been chosen to make a model for both 2005 and 2010 since the data sets are similar and it makes an inspection over time possible. It is expected that the wage-gap between migrants because of war and stayers will decrease over time.

5. Results

In this section, the results of all estimated models will be presented and analysed. The first two models were estimated for BiH (2004) and Rwanda (2005 and 2010) and the third, more detailed, model for Rwanda (2005 and 2010). The models have been tested for the previous mentioned OLS assumptions. Robust error checks were performed on all three regression models. The use of robust standard errors in the regressions had minor influence on the output results.

5.1 Model 1

In the first model for BiH and Rwanda, migrants and non-migrants were included in the model as independent variables. All migrants, regardless of their reason for migration, were included in the model. Other control variables that were included were age and sex. The models existed of 1,392 observations out of the 2,969 respondents for BiH, 18,528 for Rwanda 2005 and 8,180 observations for Rwanda 2010.

The regression output of the model shows an R-squared of 0.079 for BiH, but is considerably higher for the two models for Rwanda. The R-squared is a measure of how well the variation in the independent variables can explain the variation in the dependent variable. Although the R-squared is low in the case of BiH compared to Rwanda, the explanatory power of the crucial independent variables in the model is nevertheless significant in both cases. From this it might be concluded that compared to Rwanda, there might be other variables explaining the hourly wage in the case of BiH. However, the models can only be compared on the basis of the included variables. The model does not account for other differences between the two countries outside of the model.

The coefficients for the move dummy are crucial in this first model, since this study investigates the effect of migration of economic performance. The coefficients show the direction and the size of the influence of each independent variable on the dependent variable. Each coefficient is followed by the indication of the significance level of 1% (***), 5% (**) and 10% (*). For migration, compared to non-migrants, the regression output shows positive and (on a 1% and 5% level) significant effects on hourly wage for BiH as well as for Rwanda. These results indicate that people who migrated in BiH or Rwanda, experience higher hourly wages compared to non-migrants. Similar results were shown in previous research by Klinthäll (2006). However, the results from the first model do not present any information on returned refugees.

Table 4: Model for migrants – non-migrants, BiH (2004) & Rwanda (2005, 2010)

Model 1 **VARIABLES**	**BiH** **(2004)**	**Rwanda** **(2005)**	**Rwanda** **(2010)**
Age squared	7.09e-05***	-3.42e-05*	-2.73e-05*
	(2.05e-05)	(1.79e-05)	(1.50e-05)
Sex dummy	-0.0846**	-0.0767**	-0.263***
	(0.0342)	(0.0298)	(0.0315)
Move dummy	**0.0738****	**0.486*****	**0.162*****
	(0.0325)	**(0.0274)**	**(0.0252)**
Occupation1-employee	0.819***	0.0787***	-0.318***
	(0.113)	(0.0133)	(0.0311)
Occupation2-employer	0.882***	0.823***	1.236***
	(0.132)	(0.0363)	(0.0328)
Occupation3-other	0.443**	0.550***	0.280**
	(0.185)	(0.0291)	(0.139)
Civilstat1-seperated	0.0441	-0.384***	-0.0367
	(0.0387)	(0.112)	(0.0696)
Civilstat2-widow	-0.134	-0.168**	-0.339***
	(0.0849)	(0.0668)	(0.0605)
Civilstat3-single	-0.133	-0.118***	-0.835***
	(0.0962)	(0.0384)	(0.0346)
Urban/rural	0.0383	-0.0826**	-0.564***
	(0.0324)	(0.0338)	(0.0305)
Constant	-0.140	3.656***	5.415***
	(0.122)	(0.0511)	(0.0451)
Observations	1,392	18,528	8,180
R-squared	0.079	0.239	0.342

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1
Note: reference categories:
Occupation: agriculture
Civil status: married/living together

5.2 Model 2

To investigate the returned refugees, the second model separated migrants with different reason for moving. The migrants were divided in three different groups: migrants due to war,

migrated related to employment, and migrants with other migration reasons, such as family or health reasons. By doing this, the relationship between migrants due to war (the refugees and IDP's) and hourly wage can be estimated.

The R-squared of the models are quite similar to the first model. BiH shows the lowest R-squared compared to the R-squared of the two models for Rwanda. This can be a result of the noteworthy differences in the number of observations for the models. Similarly to the first model, BiH has 1,392 observations compared to 18,528 and 8,180 observations for the models for Rwanda. As stated before, the differences in explanatory power of the models for BiH and Rwanda might be due to large differences in the sample size, as well as to other differences among both countries outside of the model.

The most important variable in the second model is the group of migrated people due to the war. This group exist of refugees who fled to foreign countries and IDP's. According to the regression output, the people who migrated due to the war, experience higher hourly wages compared to non-migrants. For BiH (2004) the results indicate that war related migrants' experienced higher hourly wages with a coefficient of 0.387 compared to non-migrants. For Rwanda this coefficient was 0.582 for the respondents in 2005 and 0.172 for the respondents in 2010. All results are statistically significant on a 5% and 1% level. The coefficients seem to be very high for both countries. This study will mainly focus on the direction of the coefficients and their significance.

These results, for both BiH and Rwanda, seem to accept the first hypothesis that returned refugees experience higher hourly wage compared to non-migrants. This complements the theory of the positive relationship between return migration and economic performance (Klinthäll, 2006). The positive influence of conflict-induced returned migrants on hourly wage, show a decrease between 2005 and 2010 in Rwanda. Therefore, it seems that the positive influence of their migration is decreasing over the years. These results seem to accept the third hypothesis that the differences in hourly wage between returned refugees and non-migrants are decreasing over time. This process of decreasing differences can be related to the process of reconciliation, reintegration and economic development of the region. Since those processes are directed to decrease inequality between the groups (Buckley-Zistel, 2006).

However, it must be kept in mind that the relationship between returned refugees and hourly wage does not imply a causal relationship. It is not the case that conflict-induced migration has a positive influence of hourly wage. There could be other factors or processes that influence the returnees during the migration that influence their hourly wage positively. As stated in previous research, the migrants are likely to be positively selected into migration

(e.g. Klinthäll, 2006; King, 2000). If the people who experienced initially higher hourly wages are the ones who migrate during the war, it is likely that they will earn higher wages after return as well. A closer look at the summarized data by occupation sector and migration status (see appendix 1), shows that for Rwanda 2005 the largest part of non-migrants work in agricultural sectors while migrants seem to work more often in other sectors as employers or employees. This is similar for the data for Rwanda 2010 where a larger part of the migrants seem to work as employers or employees compared to non-migrants. From this data description it seems that people who are migrating are mainly the employers and employees, which could indicate a process of positive selection into displacement. This process is as well argued by Klinthäll (2006) for migration to and return migration from Sweden. This process is not clearly shown in the data for BiH. (See descriptive summary of the data in Appendix 1)

The second group of migrants, the people who migrated related to employment, experience in both BiH (2004) and Rwanda (2010) positive and significant (on 1 or 5% level) influence on wages. However, it has a negative, significant influence (on 1% level) on hourly wage for Rwanda in 2005. Migration related to employment seems to have a positive effect on hourly wage which can complement the theory of Klinthäll (2006) who states that labour migrants are positively selected in terms of education.

Besides migration effects on hourly wage, the control variables show that females in both BiH (2004) and Rwanda (2005 and 2010) earn significantly less (on a 1 and 5% level) compared to males. This difference seems to increase in Rwanda between 2005 and 2010. The occupation status of being an employee, employer or other occupations seem to earn more hourly wage compared to agricultural workers. While for Rwanda 2010, the results show that employed persons earn less than agricultural workers. Being married in Rwanda appears have a positively influence on hourly wage. Since divorced, widowed and single status all indicate a negative effect on hourly wage compared to being married. In BiH the results show a positive effect on wage for separated or divorced persons compared to married people. However, none of the results for BiH on civil status is significant on a 1, 5 or 10% level. Furthermore, the regression output shows a negative, significant (1% level) effect of living in rural areas in Rwanda in both 2005 and 2010 compared to urban areas. This negative influence seems to increase between 2005 and 2010. As argued by Buckley-Zistel (2006) the economic division between rural and urban is increasing in Rwanda. This could be complemented with the increased negative effect on living in rural areas in Rwanda between 2005 and 2010.

Table 5: Model different migration reasons, BiH (2004) & Rwanda (2005, 2010)

Model 2 **VARIABLES**	**BiH** **(2004)**	**Rwanda** **(2005)**	**Rwanda** **(2010)**
Age squared	6.26e-05***	-2.00e-05	-2.61e-05*
	(2.00e-05)	(1.80e-05)	(1.51e-05)
Sex dummy	-0.0709**	-0.0671**	-0.272***
	(0.0333)	(0.0300)	(0.0313)
Move because of war	**0.387****	**0.582*****	**0.172*****
	(0.180)	**(0.0376)**	**(0.0356)**
Move because of job	**0.851*****	**-0.112****	**0.0936*****
	(0.193)	**(0.0452)**	**(0.0331)**
Move because of Other	**0.490*****	**0.731*****	**0.262*****
	(0.177)	**(0.0349)**	**(0.0364)**
Occupation1-Employee	0.809***	0.0967***	-0.302***
	(0.112)	(0.0132)	(0.0315)
Occupation2-Employer	0.880***	0.735***	1.234***
	(0.131)	(0.0410)	(0.0328)
Occupation3-Other	0.445**	0.410***	0.294**
	(0.177)	(0.0332)	(0.140)
Civilstat1-Seperated	0.0451	-0.464***	-0.0410
	(0.0375)	(0.115)	(0.0693)
Civilstat2-Widow	-0.111	-0.243***	-0.344***
	(0.0839)	(0.0678)	(0.0611)
Civilstat3-Single	-0.143	-0.117***	-0.824***
	(0.101)	(0.0384)	(0.0348)
Urban/rural	0.0236	-0.248***	-0.567***
	(0.0322)	(0.0359)	(0.0310)
Constant	-0.575***	3.808***	5.410***
	(0.215)	(0.0522)	(0.0456)
Observations	1,392	18,528	8,180
R-squared	0.097	0.273	0.343

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1
Note: reference categories:
Occupation: agriculture
Civil status: married/living together

5.3 Model 3

As the previous model indicated, migrants as a result of conflict (returned refugees) seem to receive higher hourly wages in BiH and Rwanda. To investigate returned refugees in more detail, the third model exists of only the sub-group migrants that migrated due to the war. The sub-group includes IDP's and returned refugees from abroad. This means that all included control variables are only valid for this sub-group and that the returned refugees are not compared to non-migrants in this model. This model investigates the differences within the sub-group that could influence the effect on hourly wage.

The more detailed model is estimated in order to investigate which factors related to the migration period contributed to this positive effect on hourly wage. The factors that were included are the number of years living at the current place, the type of place (urban or rural), and the country where the person stayed during exile. These factors could indicate whether refugees who lived abroad for long periods experienced a greater positive effect on hourly wage than refugees who stayed for a short period. King (2000) argues that a long stay abroad could influence economic performance positively; however, the period must not be too long. The place of exile will be included to investigate if refugees to neighbouring country experience higher positive influences on hourly wage compared to IDP's. Moreover, since several neighbouring countries are included it could be investigated, where the exile period had a positive influence on hourly wage and where the influence was negative. The type of place of exile is included since it is expected that human capital accumulation will increase faster in urban regions (Bertinelli & Zou, 2008). The detailed model will only be estimated for Rwanda, as explained before.

The regression output for the third model for the data on Rwanda for 2005 and 2010 show an R-squared of 0,209 and 0,304 respectively. This is, again, similar to the R-squared of the previous models.

The regression output for 2005 shows that spending the migrated period in a rural area, compared to the capital city, affected the hourly wage negatively. The coefficient is -0,338 and is significant on a 5% level. However, this does not hold for 2010. The negative influence of spending the period of exile in rural areas, compared to the capital city or urban regions, can be explained by theories on human capital accumulation. As argued by Bertinelli & Zou (2008) urban areas foster human capital accumulation. Cities seem to have higher educational attainments and are the places where interactions between different economic agents take place (Bertinelli & Zou, 2008). It could be expected that people gain more skills in these urban regions. Therefore, it is likely that the refugees that spend the migration period in the capital, or urban areas will gain more human capital compared to the ones living in rural areas.

The results for the countries of exile show that the host countries seem to influence hourly wage differently. A significant and positive influence is shown for the people who spend the migration period in the DRC and Tanzania. These people seem to experience higher hourly wages compared to people who were displaced within Rwanda. Similar results are shown for 2005 and 2010. The indicated positive influence of the stay in the DRC and Tanzania could be explained by the relative stable situation in the countries compared to

Rwanda. However, the DRC became instable and, in combination with other tensions, the arrival of enormous amounts of refugees from Rwanda resulted in a civil conflict. Refugees who fled to other countries in the world and returned to Rwanda also seem to have higher hourly wages compared to the IDP's within Rwanda. Other countries in the world relate to countries outside of the African continent. Since Africa is one of the least developed continents, the exile in a more developed country is likely to have a positive influence on human capital accumulation and in turn on hourly wage.

The number of years that a person is back in Rwanda seems to have a positive and significant effect (on 10% level) on hourly wage for the 2005 data. The process of reintegration in the home country, takes time (Hart, 2001). Economic reintegration of returnees is therefore expected to increase when the years of return rise. From the results from the third model it seems that the increase of years of return, positively influence hourly wage.

The effect of being a female on hourly wage shows contrasting results for 2005 and 2010. While in 2005 female refugees seem to earn higher hourly wages than male refugees, this is the other way around for 2010. The descriptive statistics of the division in occupation sectors between female and male refugees show that in the 2005 sample a large part of the female refugees was occupied as employers. Contrasting, most refugee males in the sample for 2005 were occupied in the agricultural sector or as employees. For 2010 male refugees seem to be more often employed as employers or employees while female refugees are mainly represented in the agricultural sector. On the one hand, the unevenly distributed observations among the occupation sectors limit the ability to investigate the effect of return migration on hourly wage. On the other hand, the large part of female refugees being employers indicates positive selection into displacement. This complements the argument of Klinthäll (2006) who argues that people with higher education and occupations are more likely to migrate. Klinthäll (2006) states that this is the case for labour-migrants and that it is likely to be different for refugee migrants. However, positive selection into displacement seems to be confirmed by the results for the sample of 2005.

The control variable that indicates the current residence in a rural area has a significant negative influence on hourly wage, compared to living in urban areas. As in the previous models, civil status of being separated, widowed or single has negative, significant influence on hourly wage compared to married persons.

Table 6: Model detailed, Rwanda (2005, 2010)

Model 3 VARIABLES	Rwanda (2005)	Rwanda (2010)
Sex dummy	0.139**	-0.210**
	(0.0707)	(0.0912)
Age squared	-6.97e-05**	-1.45e-05
	(3.02e-05)	(3.31e-05)
Occupation1-employee	0.332***	0.147*
	(0.0943)	(0.0761)
Occupation2-employer	0.744***	1.231***
	(0.0907)	(0.0813)
Occupation3-other	0.168**	0.273
	(0.0845)	(0.356)
Civilstat1-seperated	-0.511***	0.364**
	(0.178)	(0.159)
Civilstat2-widow	-0.303**	-0.495***
	(0.125)	(0.123)
Civilstat3-single	-0.128	-0.516***
	(0.0836)	(0.102)
Currently urban/rural	-0.374***	-0.537***
	(0.0914)	(0.0867)
Years back in Rwanda	**0.0170***	-0.00108
	(0.00941)	(0.00650)
Move typeplace_2	-0.218	0.232
Urban	(0.191)	(0.183)
Move type place_3	**-0.338****	**-0.214**
Rural	**(0.161)**	**(0.151)**
Move place_2	-0.102	0.102
Burundi	(0.153)	(0.123)
Move place_3	**0.317*****	**0.243****
DRC	**(0.0931)**	**(0.0948)**
Move place_4	0.0290	0.127
Uganda	(0.149)	(0.176)
Move place_5	**0.428*****	**0.281*****
Tanzania	**(0.0985)**	**(0.103)**
Move place_6	0.793	**0.577*****
Other African	(0.490)	**(0.104)**
Move place_7	**-**	**2.141*****
Other in world	**-**	**(0.190)**
Constant	4.166***	5.360***
	(0.227)	(0.222)
Observations	3,764	1,267
R-squared	0.209	0.340

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1
Note: reference categories:
Occupation: agriculture
Civil status: married/living together
Move type place: Kigali (capital)
Move place: Within Rwanda

6. Discussion

The present study investigates the economic performance of returned refugees in both BiH and Rwanda. After conducting three different models on the relation between returned refugees and their economic performance, the results show a positive relation.

Confirming the results of several migration studies, this study shows higher hourly wages in the group of returnees compared to the non-migrating group. Higher wages among returnees can be explained by positive selection into migration as King (2000) and Klinthäll (2006) argue. The return migration could subsequently be the result of a positively selection process as well. Moreover, the return could be seen as a new beginning with new opportunities which could result in high motivation (Hammond, 1999). All these factors could contribute to higher hourly wages among return migrants. However, as Klinthäll (2006) indicates, this could be different for returned refugees since their migration period is likely to be highly insecure. Therefore, the returning refugees were studied in more detail in the second model.

The second model separated people who migrated due to the war from other migrants and non-migrants. The migrants as a result of war include returned refugees and IDP's (hereafter this group is called returned refugees). The second model shows that the returned refugees gain, similarly to other migrant categories, higher hourly wages compared to non-migrants. The higher wages among returned refugees compared to non-migrants could have similar reasons as stated in the first model. Since returned refugees migrate two times, they could have been subject to the process of positive selection into migration twice. This could explain higher wages after the return as Klinthäll argues; it is likely that the home country gets a productive migrant back (Klinthäll, 2006). Remarkable is that this study shows a decrease in the size of the positive relation between returned refugees in Rwanda between 2005 and 2010. This confirms the third hypothesis, concerning the decrease of differences between the groups over time, and could be related to the post-conflict processes. The decrease in differences between divided groups is related to reconciliation possibly indicating the effectiveness of the reconciliation and reintegration process. However, no conclusion can be drawn on the speed of the decrease of the differences since the used data is no time series or panel data.

The third model concerns only people who have migrated due to the war. This sub-group consist of returned refugees and IDP's. In depth analysis of this sub-group provided information on the period of exile. This is important in order to make an attempt to explain the differences in hourly wages. Detailed information on the period of exile was only

available for Rwanda 2005 and 2010, and the model is thus only estimated for Rwanda. Factors that seem to influence the hourly wage of returned refugees positively are spending the exile in urban areas due to human capital accumulation. But also the increase in the number of years after return, and residing in the DRC, Tanzania or other countries in the world seem to be influential factors. Where the increase in years of return indicates a positive effect on hourly wage, this could simultaneously increase the difference between returned refugees and non-migrants. However, the effect of the years of return seems to decrease between 2005 and 2010. This indicates the decrease of differences between returned refugees and non-migrants. It is likely that this decrease will positively stimulate the reconciliation process.

The present study shows that returned migrants and refugees seem to receive higher hourly wages compared to non-migrants. The results from the three different models are broadly consistent with previous research by for example Klinthäll (2006) and King (2000). However, the results are contrasting with the results from the studies of Kondylis (2007, 2008). Kondylis (2007, 2008) found evidence for a positive relation between returned refugees and agricultural output in Rwanda and negative relations between returned refugees and labour market outcomes in BiH. In contrast, this study identified positive relations between returned refugees and hourly wage for both cases. While agricultural output and labour market outcomes cannot be compared to hourly wage, all were used as indicator of economic performance.

This study, so far known, is one of the few attempts to investigate the linkages between economic performances of returned refugees and reconciliation. Return of refugees is seen "as an integral part of the social, political, and economic rebuilding process" (Hart, 2001, p.291). Differences in economic performance between returnees and non-migrants could lead to renewed tensions. This, in turn, will constrain the process of reconciliation which requires overcoming the tensions between different groups (Buckley-Zistel, 2006). In this study, a positive relation between returned refugees and their economic performance is identified for two contrasting cases. This indicates differences between two groups that are supposed to rebuild the post-conflict society together. The process of reconciliation, in which the redesigns of relationships is central according to Bloomfield (2006), will be hindered by the difference in economic performance of these two groups. New economic tensions between returnees and non-migrants could lead to political upheaval or renewed violence. While it is often assumed that returned refugees experience a disadvantaged position, the returnees are guided by special programs to assist them in social-, and economic integration (Haider, 2009).

However, if it is true that returned refugees experience higher wages, these support programs could make the economic differences between returnees and non-migrants even larger.
When returned refugees truly experience higher hourly wages as indicated by this study, the non-migrants could be the ones who are in need of these support programs. It could be recommended that support programs should be targeted at decreasing differences between economic performances of returned refugees and non-migrants in order to stimulate reconciliation of divided groups.

Possible restrictions of the study are mainly related to data limitations. First of all, only the data that could be compared between the two different countries could be used. More preferably would have been conducting a survey that allows for time series analysis to capture changes over time. Secondly, the number of observations differed between the different samples and could have influenced results. Thirdly, it must be stated that the results from this research apply only to hourly wage, as hourly wage was taken as indicator for economic performance. The results are based on the samples of the population of two countries so that the results only hold under these settings. Therefore, no universal conclusion can be drawn from this research. While the results for two contrasting cases seem to support the positive relationship between returned refugees and economic performance, this does not mean that this will also holds for other countries. However, the results indicate a pattern and seem to complement existing theories. Further research on the subject matter would be of interest. Statistical analysis should be performed for different post-conflict countries in order to complement the theory of the positive relationship between returned refugees, economic performance and reconciliation.

7. Conclusion

The overarching aim of this research was to determine the role of the economic performance of returned refugees in the process of reconciliation. Therefore the relationship between the return of refugees and their economic performance is compared to non-migrants. The differences in economic performances between returned refugees and non-migrants are assumed to undermine the process of reconciliation.

The existing literature on economic performance of returned refugees is conflicting. On the one hand it can be argued that returned refugees are situated in a disadvantaged position compared to non-migrants. Since refugees migrated two times, their future is highly insecure, and their flight could have been associated with traumatic experiences (Klinthäll, 2006). While on the other hand, it could be argued that migrants and returnees are positively

selected into displacement (Klinthäll, 2006). In order to test the usefulness of the theory that returnees have been positively selected, not only when they fled but also upon return, two contrasting cases were investigated. Data sets for BiH and Rwanda have been used to conduct three different multivariate regression models using an OLS approach.

The first two models indicate that returned migrants (model 1) or refugees (model 2) seem to earn higher hourly wage compared to non-migrants. These models rely on data samples for BiH (2004) and Rwanda (2005 and 2010). This confirms the theory of Klinthäll (2006). Moreover, the data for Rwanda (2005) suggests that positive selection into displacement took place. Since the returned refugees turned out to mainly be employees or employers, while most of the non-migrants were occupied in the agricultural sector. The third model indicates the positive influential factors during the time of exile. It shows that residing in urban areas has a positive influence on hourly wage upon return. The increase in years back in Rwanda, as well as the years of exile, positively influence hourly wage as well. The exile in several countries showed to have different influence on hourly wage, such as the positive influence of exile in the DRC while Uganda seemed to influence hourly wage negatively. This difference in hourly wage, which is used as an indicator of economic performance, is most likely to be influential in the reconciliation process. When defining reconciliation as "a process that redesigns the relationship" (Bloomfield, 2006, p.12), the process could be disrupted by economic differences between returned refugees and non-migrants. Integration of the returned refugees into the post-conflict society means the "erosion – and ultimately the disappearance – of any observable distinctions which set returnees apart from their compatriots, particularly in terms of their socio-economic and legal status". This could be undermined by differences in economic performances of returned refugees compared to non-migrants. However, the decrease in the differences in hourly wage indicates the "erosion" of observable distinctions between returnees and non-migrants in the home country.

The results from this research could contribute in terms of complementing the theory that returned migrants, but also refugees, seem to have higher economic performance (Klinthäll, 2006). This research shows evidence for higher hourly wage among returned migrants and refugees based on two contrasting cases of BiH and Rwanda. Moreover, this research connects the economic performance of returned refugees compared to non-migrants to the process of reconciliation. The economic differences identified in this study between divided groups indicate the level of reconciliation. For the process of reconciliation, the differences does not necessarily need to be eliminated but should not be ignored in order to avoid new tensions between groups (Buckley-Zistel 2006). However, more detailed research

should be done on the influence of returned refugees and their economic performance on the reconciliation process. Further research should be investigate whether the return of refugees to post-conflict societies is not the same as staying, either in a positive or negative way.

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9. Appendix 1: Descriptive statistics of occupation status

BiH 2004

	Total sample, sex			Total sample, move			Movers because of war		
Occupation	**Male**	**Female**	**Total**	**Not-moved**	**Moved**	**Total**	**Male**	**Female**	**Total**
0 - Agriculture	25	12	37	25	12	37	3	1	4
1 - Employee	818	430	1,248	744	504	1,248	126	68	194
2 - Employer	61	25	86	53	33	86	8	2	10
3 - Other	13	8	21	11	10	21	4	1	5
Total	917	475	1,392	917	475	1,392	141	72	213

Rwanda 2005

	Total sample, sex			Total sample, move			Movers because of war		
Occupation	**Male**	**Female**	**Total**	**Not-moved**	**Moved**	**Total**	**Male**	**Female**	**Total**
0 - Agriculture	5,171	868	6,039	**5,185**	854	6,039	224	202	426
1 - Employee	5,137	1,649	6,786	4,458	2,328	6,786	**283**	280	563
2 - Employer	271	**2,543**	2,814	170	**2,644**	2,814	78	**2,327**	**2,405**
3 - Other	**2,276**	613	2,889	629	2,260	2,889	223	147	370
Total	12,855	5,673	18,528	10,442	8,086	18,528	808	2,956	3,764

Rwanda 2010

	Total sample, sex			Total sample, move			Movers because of war		
Occupation	**Male**	**Female**	**Total**	**Not-moved**	**Moved**	**Total**	**Male**	**Female**	**Total**
0 - Agriculture	2,873	767	3,640	**1,899**	1,741	3,640	472	147	619
1 - Employee	2,024	723	2,747	974	1,773	2,747	273	26	299
2 - Employer	1,155	624	1,779	594	1,185	1,779	216	117	333
3 - Other	92	2	94	43	51	94	22	0	22
Total	6,144	2,116	8,260	3,510	4,750	8,260	983	290	1,273