Abstract

This paper studies the effect of migration on drought related consumption shortfalls using panel data on individual migration in Indonesia. First, we show that migrant networks affect the migration response to droughts. Second, we show that migration in response to droughts reduces drought related consumption shortfalls. Our main results suggest that one month of rainfall below average in the origin location reduces consumption by 2.31%. This effect is completely offset if the individual migrates in response to the drought. We show, further, that this impact of migration on drought related consumption shocks is neither explained by individual characteristics not remittances from the migrant network. These results suggest that removing barriers to migration is a promising strategy for reducing climate damages.