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Chapter 11

International migration in the development agenda

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11.1 INTRODUCTION

One of the most conspicuous signs of the process of globalization is the increase in international migratory flows. According to the United Nations, there were about 214 million international migrants in 2010. In relative terms, this corresponds to over 3 per cent of the world population. The percentage does not seem exceptionally high, especially when compared to the proportion of other cross-border economic transactions. However, the social and political relevance of migration goes beyond numbers: migration involves people, with their social relations and capacity of agency.

In fact, today migration is powerful force of social change and cultural interaction in the countries that are involved. It has developmental effects on both the home and host countries, and provides migrants themselves with significant opportunities to progress. Nonetheless, migration remains subject to restrictive legislative frameworks, which have been reinforced during the current economic crisis. This restrictive tone contrasts with the increasing liberalization of other economic flows illustrating the unbalanced nature of the globalization process.

Besides that, the current restrictive regulation is contrary to both the need for migrant labour in developed countries and the need for employment opportunities for people living in developing countries. The gap between these needs and the norms regulating migration has led to large numbers

of immigrants living irregularly in their host countries. This has costs, not only for the immigrants themselves, but also for the democratic climate of the host societies.

The above notwithstanding, it is worth stating that migration, when suitably regulated, can potentially improve global efficiency and reduce international differences in labour prices, as both theoretical and empirical studies have confirmed. Aside from this global effect, migration is also an effective, although notably selective, means of increasing the possibilities for individuals to improve their living conditions. It is, therefore, an important development factor, especially if we consider that people (not only countries) matter (Clemens, 2010; Nussbaum, 2000).

Of course, migration can also entail costs, both for the countries of origin (breaking of family structures, destruction of emotional ties, loss of dynamic sectors of the population, etc.), as well as for the recipient countries (costs in social services or in social integration policies, for example). Furthermore, when emigration becomes a widespread and intensive phenomenon, it can feed a vicious circle that promotes a regressive dynamic of depopulation and the abandonment of productive activities in migrants' communities of origin.

All benefits and costs of migratory flows need to be considered through adequate policies, both in countries of origin and in host countries. Even so, national responses are not sufficient: migration is a global phenomenon that requires a global approach, especially if we consider that migration falls into an area not yet covered by any formal international regime: neither a global regulatory framework nor a specialized multilateral institution to regulate the phenomenon currently exist.

In the following sections, the present chapter will analyse current migratory flows by taking into account their effects on development.¹ The second section reviews trends in international migration; the third section examines the aggregated economic effects of international migration; the fourth section is focused on remittances and their effects; the fifth section analyses the effects of skilled workers' migration from developing countries; the sixth section is dedicated to analysis of regulatory responses to the phenomenon; and section seven presents some conclusions.

11.2 MIGRATION FLOWS

The size of migration

United Nations' data over the last five decades confirms that the trend in international migration has been upward, in keeping with the process

of globalization.² This upward trend shows a (somewhat artificial) jump around the 1980s, as a result of the sudden migrant status acquired by former USSR citizens as a consequence of their living in regions different from their birthplaces (later converted into independent countries).³ Apart from that phenomenon, excluding the USSR and Czechoslovakia, the upward tendency has been maintained, with a slight acceleration in the last three five-year periods (figure 11.1).

Figure 11.1
Trends in global migration, 1960-2010

Source: United Nations (UNDESA): International Migrant Stock. The 2008 Revision (<http://esa.un.org/migration>)

In dynamic terms, in the 30 years between 1980 and 2010, the total number of migrants increased by an average annual rate of 2.6 per cent. As a consequence of this upward trend, there were about 214 million migrants in the world in 2010. This figure is most likely an underestimate of the true magnitude of the phenomenon, because undocumented immigrants are not adequately included in the data. Tentative estimates put the ratio of undocumented migrants in a wide range of between 5 and 30 per cent of registered migration, depending on the nation in question.

Since the mid-1980s, more developed countries have become the major destination of migrants, and by 2010 those countries concentrated 60 per cent of migrants (table 11.1). More specifically, Europe and North America

have the highest number of migrants, followed by Asia, with a relatively similar number. While the growth rate of the stock of migrants in more developed countries was 3.3 per cent for the period that of the migrant stock in less developed countries reached 1.7 per cent.

Table 11.1
Destination countries: stock of migrants, 1960-2010

Millions of people											
	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
By region											
Africa	9.1	9.4	9.9	11.0	14.0	14.4	16.3	17.9	6.5	17.0	19.2
Asia	28.5	28.2	27.8	28.0	32.1	37.2	49.9	47.2	50.3	53.3	61.3
Europe	14.2	16.6	18.8	20.1	21.9	23.4	49.3	55.2	58.2	64.1	69.8
Latin America	6.0	5.8	5.6	5.7	6.0	6.2	6.9	6.0	6.3	6.6	7.5
North America	12.5	12.7	12.9	15.3	18.1	22.1	27.6	33.5	40.3	44.5	50.0
Oceania	2.1	2.5	3.0	3.3	3.7	4.2	4.7	5.0	5.0	5.0	6.0
World	75.4	78.4	81.3	86.7	99.2	111.0	154.9	165.0	176.7	190.6	213.9
By income level											
More developed	32.3	35.4	38.3	42.4	47.4	53.6	82.3	94.9	105.0	115.4	127.7
Less developed	43.1	43.0	42.9	44.3	51.8	57.3	72.5	70.1	71.7	75.2	86.2
Least developed	6.4	6.9	7.2	6.8	9.1	9.1	10.9	12.2	10.2	10.4	11.5

Source: United Nations (UNDESA). International Migrant Stock. The 2008 Revision (<http://esa.un.org/migration>).

If the relative percentage of immigrants over host populations is considered, North America and Oceania are those with the highest coefficients (at 14 per cent and 16 per cent respectively), followed by Europe at 9 per cent (table 11.2). In the other regions, immigrants represent less than 2 per cent of the host population.

The above data could suggest that managing the influx of international migrants is a problem exclusive to developed countries. However, the phenomenon is more complex, as becomes clear when the countries with the largest amount of immigrants are identified (figure 11.2). Some developed countries stand out here, including the United States, Germany, Canada, France, the United Kingdom and Spain; nevertheless, developing countries like India, Pakistan and the Ivory Coast also occupy leading positions. This

Table 11.2
Regional distribution of migrants, 1960-2010

Percentage of local population											
	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
By region											
Africa	3.2	3.0	2.7	2.7	2.9	2.6	2.6	2.5	2.0	1.9	1.9
Asia	1.7	1.5	1.3	1.2	1.3	1.3	1.6	1.4	1.4	1.4	1.5
Europe	3.4	3.8	4.1	4.3	4.5	4.8	6.9	7.6	8.0	8.8	9.5
Latin America	2.8	2.3	2.0	1.8	1.7	1.6	1.6	1.3	1.2	1.2	1.3
North America	6.1	5.8	5.6	6.3	7.1	6.2	9.7	11.2	12.8	13.5	14.2
Oceania	13.4	14.3	15.4	15.8	16.4	17.0	17.8	17.5	16.3	15.2	16.8
World	2.5	2.4	2.2	2.1	2.2	2.3	2.9	2.9	2.9	3.0	3.1
By developmental level											
More developed	3.4	3.5	3.6	3.9	4.2	4.6	7.2	8.1	8.8	9.5	10.3
Less developed	2.1	1.8	1.6	1.5	1.6	1.6	1.8	1.6	1.5	1.4	1.5
Least developed	2.6	2.5	2.3	1.9	2.3	2.0	2.1	2.0	1.5	1.4	1.3

Source: United Nations (UNDESA). International Migrant Stock. The 2008 Revision (<http://esa.un.org/migration>).

suggests that: i) having a large immigrant population is not a characteristic exclusive to developed countries; and ii) the distinctions between host, origin and transit countries in terms of migration is increasingly blurred. A good number of countries (such as Mexico and India) fall into all three categories.

The study of bilateral flows confirms the global nature of the migratory phenomenon (figure 11.3). In 2000, according to the *Migration Development Research Centre*, 79.7 per cent of migratory flows came from developing countries; 45.3 per cent went to developing countries, and the remaining 34.4 per cent was bound for developed countries. In turn, 16 per cent of the total emigration from developed countries went to other developed countries, while 4.2 per cent went to developing countries.

All data suggest that we are living in an *era of mass migration*, even if the economic crisis is temporarily curbing flows. But this phenomenon is not new in history. In particular, historians have documented large-scale migratory movements between 1840 and the start of the First World War, in the so-called *first era of mass migration* (Hatton and Williamson, 1998, 2005). The intensity of migration in that period was even higher than today.

Figure 11.2
Main recipient countries of migration, 2010

Source: United Nations (UNDESA): International Migrant Stock. The 2008 Revision (<http://esa.un.org/migration>)

However, when compared with this historic episode, the present migratory flows have four distinctive traits worth highlighting:

- First, the *factors encouraging emigration*: In the past, migration—particularly Atlantic migration—took place between countries with relatively similar developmental levels and came about because it allowed poor Europeans, mostly rural, to move from hierarchical, highly unequal societies to countries with less of a labour force and much greater social mobility. It could be said that inequality within countries was at that time a more significant factor than international inequality. Today, however, the per-capita income differential between countries is a much more important factor in explaining migration. In fact, almost 80 per cent of the migrant population from a developing country chooses a more-developed country as destination (UNDP, 2009).
- Second, the *feminization of emigration*: At the end of the 19th century, migratory flows were primarily composed of men (between two thirds and three quarters of migrants). The presence of women, especially in

Figure 11.3
Composition of migration flows by origin and destination, 2000

Source: Docquier and Marfouk (2006): International migration by education attainment, 1990-2000" in Ozden and Schiff (eds) International Migration, Remittances and the Brain Drain, Washington, The World Bank and Palgrave Macmillan.

the form of independent migration (as opposed to being part of the family nucleus) was a relatively minor phenomenon. At the moment, however, women make up half the total amount of emigrants—in some cases as a consequence of family-reunion policies, but also as a result of independent migratory strategies (figure 11.4).

- Third, *the presence of undocumented migrants*: In the previous era of mass migration the phenomenon of undocumented migration did not exist; but now, as legislation has become more restrictive, a large number of migrants are living outside the law in their host country. The best estimates suggest that close to 30 per cent of total emigrants are living informally in the United States (Passel and Cohn, 2008), while in the European Union that share ranges between 5 and 15 per cent (Vogel and Kovacheva, 2009). As a consequence, for a large number of people migration takes place without legal protection.
- Finally, a source of *transnational social capital*: Advances in communications technology have meant that contact between communities of origin and those in destination countries occurs almost on a daily basis. There is an entire network of communications, initiatives and undertakings linked to relationships across both communities. Moving

labour across borders helps with the global transmission of ideas. And feelings of national identity are strengthened in the diasporas, creating positive phenomena of mutual support (social remittances, for example), as well as negative expressions (such as gangs and “maras”).

Figure 11.4

Share of women in the stock of migrants, by regions and income level, 2010

Source: United Nations (UNDESA): International Migrant Stock. The 2008 Revision (<http://esa.un.org/migration>).

The effects of the current crisis

One of the most visible consequences of the economic crisis is the rise in unemployment in the OECD countries, the main recipients of migration. Between 2007 and 2011, almost all OECD countries (with the exception of Austria, Belgium, Germany, Poland and Israel) experienced a rise in the rate of unemployment. In some cases—Estonia, Greece, Iceland, Ireland, Spain and the United States—the rate doubled in that period, while in seven of the OECD countries, the unemployment rate reached double digits.⁴

The difficulties in OECD labour markets have doubtlessly affected the migrants in a severe way. In the OECD, in 2010, the average unemployment

rate among immigrants was, on average, 67 per cent higher than the unemployment rate of natives. Only in three countries (Hungary, Czech Republic and the United States) is the former rate lower than the latter. When the information is segregated by gender, it can be confirmed that the differences in unemployment rates between natives and foreign-born workers are higher in the case of women (figures 11.5a-b).

As a consequence of the economic situation, the flows of migrants into developed countries have perceptibly reduced. For example, between 2007 and 2009, the inflows of migrants into the EU-25 decreased by 24.4 per cent, and the number of outflows increased by 19.8 per cent (OECD, 2011). In any case, the data seem to indicate that migrant return is not a generalized phenomenon, at least until present. The huge gap between living conditions in host and origin countries, the temporary public support available to the unemployed in most OECD countries, and the fear of not being able to re-enter the host country later if conditions change are some factors that explain the migrants' resistance to leave host countries.

Apart from this, the economic crisis has had an impact on migrants and their families through other channels. Due to the nature and duration of their labour contracts, immigrants tend not only to have a higher rate of unemployment, but also a lower level of social protection when they become unemployed. And immigrants' families have suffered a reduction in the level of remittances received, although (as we shall see) this phenomenon varies in accordance with the regions. Finally, the crisis has aroused dangerous anti-migration reactions in several host countries and introduced a more restrictive tone in migration regulation.

11.3 EFFECTS ON GLOBAL WELFARE

Economic theory predicts that international migration will be associated with an improvement in global efficiency, as migration allows people to move from where they are least rewarded (labour-abundant economies) to where they earn more (labour-scarce economies). As a result, this is not a zero-sum game: obviously, not all sectors of society benefit from the change, but the overall result is undeniably positive in terms of potential welfare.

It is interesting to consider how large the benefits might be in the hypothetical case of free movement of people. The first works on this subject (such as Hamilton and Whalley, 1984, or Moses and Letnes, 2004) applied a general equilibrium model (AGE), supposing full labour mobility. The estimated benefits were striking: in the first study, the world GDP could

Figure 11.5a

**Ratio of unemployment rate among immigrants over that of natives -
Females, 2010**

Figure 11.5b

**Ratio of unemployment rate among immigrants over that of natives -
Males, 2010**

Source: OECD 2011: International Migration Outlook.

double as a consequence of completely free migration, and in the second the increase on global efficiency could reach, in the most conservative scenario, a range of between 6 and 47 per cent of the world's GDP.

Other subsequent studies confirmed the tone of these results. For example, Iregui (2005) used a fully developed AGE model with trade and found that migration barriers reduce world GDP by between 13 and 67 per cent, depending on the scenario considered. Klein and Ventura (2007) used a growth model that included dynamic effects and arrived at the conclusion that completely free migration would increase world GDP by 20 to 120 per cent, in accordance with the assumptions. Finally, Bradford (2012) applied an AGE of one sector model with a continuum of skills and confirmed the effect of free migration on the increase of world GDP (by 75 per cent) and on the reduction of poverty (by between 66.9 and 43.3 per cent, depending on the assumptions). Even though the assumption made by these studies (full labour mobility) is unrealistic, a large part of the benefits would be obtained in the first phases of liberalization—a powerful argument in favour of more flexible regulation of migration.

The World Bank (2006) carried out a similar exercise, but with a more realistic assumption: an annual growth rate of 3 per cent of the working population in developed countries between 2001 and 2025, and allowing labour needs to be covered, as required, by immigration. If taking as a baseline the assumption the same proportion of immigrants as existed in 2001, the net gains to welfare from the above expansion scenario would be close to \$674 million, or 1.19 per cent of world GDP (table 11.3). If this is adjusted in function with the different costs of living from country to country (translated into Purchasing Power Parity), the benefits would be 0.63 per cent of world GDP. The distribution of these benefits would be favourable to developing countries (including to those who emigrate) since these populations would experience an increase in income of about 1.8 per cent, while developed countries would obtain an increase of 0.4 per cent. The results that the World Bank (2006) obtained are very close to those reached by Walmsley and Winters (2005) and, more recently, by van der Mensbrugghe and Roland-Host (2009).

The fact that migration has a positive effect on aggregate efficiency does not mean that everyone affected ends up winning. Current immigrant and native workers who are substituted by new immigrants may be negatively affected by such an increase in migratory flows. This argument is occasionally used to justify a restrictive migration policy, highlighting the way in which the entry of new immigrants could depress salaries in the recipient country. Empirical studies confirm this effect but find the salary

Table 11.3

Changes in real income due to more free migration in 2025 relative to baseline scenario

	Real income			Real income adjusted for cost of living		
	Private	Public	Total	Private	Public	Total
Billions of dollars						
Natives in developed countries	139	-1	139	139	-1	139
Former migrants in developed countries	-88	0	-88	-88	-0	-88
Natives in developing countries	131	12	143	131	12	143
New immigrants	372	109	481	126	36	162
WORLD TOTAL	554	120	674	308	48	356
% of Change						
Natives in developed countries	0.44	-0.01	0.36	0.44	-0.01	0.36
Former migrants in developed countries	-9.41	-0.02	-6.02	-9.41	-0.02	-6.02
Natives in developing countries	0.94	0.44	0.86	0.94	0.44	0.86
New immigrants	584	607	589	198	203	199
WORLD TOTAL	1.20	1.15	1.19	0.67	0.45	0.63

Source: World Bank (2006): Global Economic Prospects: Economic Implications of Remittances and Migration, Washington.

decline to be small. For example, Borjas (2003) finds that immigration to the United States between 1980 and 2000 caused a cumulative deterioration in average U.S. salaries of 3.2 per cent (in other words, an annual reduction of barely 0.15 per cent). An even lower rate is estimated by Ottaviano and Peri (2008), who put the accumulated effect of immigration between 1990 and 2006 at 0.4 per cent (or a 0.025 per cent fall in the average rate). In the opposite sense, wages in sending countries will tend to increase, as Mishra (2007) and Aydemir and Borjas (2007) show in the case of Mexico. As a consequence of both changes, migration tends to reduce wage differentials between sending and hosting countries, which turns migration into a potential factor of reducing international inequalities.

To sum up, estimates confirm that with current migration barriers, labour is highly misallocated and, as a consequence, the potential welfare gains of a less restrictive policy on migration are huge. Moreover, these benefits,

even in their most modest versions, are comparable (or superior) to those that would result from trade liberalization. For example, the increase in world GDP estimated by Anderson and Martin (2005) as a consequence of potential full trade liberalization is 0.7 per cent; however, in the case of a partial removal of migration barriers, that increase could reach between 0.6 and 1.2 per cent in the Walmsley and Winter (2005) estimation, or between 0.9 and 2.3 per cent in van der Mensbrugghe and Roland-Host (2009). These results are sufficient proof that international migration should be a mandatory part of any development agenda (Clemens 2011).

11.4 REMITTANCES

Magnitude

It is not easy to measure remittances due to the levels of hidden transfers. However, in accordance with the best estimates—those provided by the World Bank—migrant remittances sent to developing countries is expected to reach \$399 billion in 2012, and \$533 billion if remittances to developed countries are added (table 11.4). Most remittances to developing regions go to middle-income countries (\$369 billion in 2012), while the remaining \$30 billion go to low-income countries.

Viewed in perspective, the rapid growth of remittances destined to developing countries over the past few years is surprising: the figure climbed from barely \$31 billion in 1990 to \$324 billion in 2008 and from \$308 billion in 2009 (as a consequence of the crisis) to \$399 billion in the forecast for 2012. This increase is particularly notable in the three five-year periods previous to the crisis, where official remittances grew at an accumulative annual rate of 13 per cent. The average rate of growth of remittances in that period is double the rate of international aid and higher than the rate of exports.⁵

The current crisis has affected remittance flows, but less than expected. In 2009, remittances directed at developing countries fell by 5 per cent: an appreciable fall, but still well below the declines in direct foreign investment or private financial flows. However, remittances recovered in 2010, and they are expected to reach \$372 billion in 2011 and \$399 billion in 2012.

In any case, the effect of the crisis on remittances has not been the same across regions. The two regions most affected have been Eastern Europe and Central Asia and Latin America, which in 2009 suffered declines in remittances of 20 and 11 per cent, respectively. Declines in the Middle East and Northern/Sub-Saharan Africa were smaller, at 6 and 9 per cent, respectively.

Table 11.4
Trends in remittance flows to developing countries, 1990-2012

\$ Billion											
	1990	1995	2000	2005	2006	2007	2008	2009	2010 ^e	2011 ^f	2012 ^f
Developing countries	31.0	56.0	81.0	192.0	226.0	278.0	324.0	308.0	332.0	372.0	399.0
Regions											
Latin American	5.7	13.3	20.1	49.8	58.8	63.0	64.0	57.0	57.0	62.0	66.0
South Asia	5.6	10.0	17.2	33.9	42.5	54.0	72.0	75.0	82.0	97.0	104.0
East Asia	3.1	8.9	15.8	50.3	57.4	71.0	85.0	86.0	95.0	107.0	115.0
Middle East and North Africa	11.4	13.3	13.0	25.0	26.4	32.1	36.0	34.0	40.0	42.0	45.0
Europe and Central Asia	3.2	6.4	10.3	23.2	28.4	39.3	45.0	36.0	37.0	41.0	45.0
Sub-Saharan Africa	1.9	3.2	4.6	9.4	12.6	18.6	22.0	20.0	21.0	22.0	24.0
Income levels											
Low income	1.4	2.2	4.1	10.0	12.9	16.6	23.0	22.0	25.0	28.0	30.0
Middle income	29.3	53.1	77.1	181.6	213.3	261.6	302.0	286.0	308.0	344.0	369.0
High income	37.5	46.0	50.2	82.7	91.2	106.3	133.0	120.0	121.0	128.0	134.0
Memo item:											
World	68.6	101.6	131.5	274.5	317.6	384.5	457.0	429.0	453.0	501.0	533.0

Source: World Bank: World Development Indicators (<http://data.worldbank.org/migration>) and Migration and Development Brief 18, April 2012.

Notes: e estimation; f forecast

Effects

Remittances show two traits that are relevant in development terms. The first is their redistributive allocation pattern, when figures are related to the recipient country's variables. The overwhelming majority of remittance flows to developing countries (92 per cent) go to middle-income countries, leaving a modest 7 per cent for low-income countries (table 11.5). However, the ratio of remittances to the GDP of the poorest countries is almost double that of middle-income countries. And in the same vein, the relative weight of remittances on imports, investment, or consumption is higher in low-income than in middle-income countries. This profile confirms the key role that remittances play as part of international financing in the poorest countries.

Table 11.5
Relative importance of remittances (average 2005-2008)

	Percentage of GDP			Remittances as a percentage of				
	Remittances	Foreign investment	Official aid	Foreign investment	Official aid	Imports	Gross capital formation	Private consumption
Low-income countries	4.63	2.22	9.10	208.50	50.40	12.60	20.30	5.90
Middle-income countries	1.86	2.20	0.42	84.80	436.50	6.20	6.30	3.50
Lower-middle income	2.51	2.50	0.70	100.30	356.80	7.50	6.90	5.20
Upper-middle income	1.18	1.91	0.14	62.20	819.30	4.40	5.10	2.00
High-income countries	0.25	-0.89	-	-0.27	-	0.80	1.10	0.40

Source: World Bank: World Development Indicators (<http://data.worldbank.org>)

The second relevant characteristic of remittances is their acceptable stability over time. For example, considering the evolution of the variables from 1990 to 2008, previous to the crisis, the variation coefficient for remittances (0.23) is a little higher than that for international aid (0.09), but it is notably lower than flows of direct investment (0.46) or other private flows (0.43). The greater stability of remittances makes them a more predictable source of financing than other private sources. Furthermore, remittances often demonstrate a counter-cyclical nature, particularly when co-variances among sending and host country perturbations are low (Kapur and McHale, 2005; Yang, 2008).

From a *macroeconomic perspective*, remittances can have positive effects on developing countries: they are a means of relaxing external constraints on growth, helping the balance-of-payments equilibrium, and a complement to private investment or consumption. However, when large volumes of resources are mobilized, remittances can cause appreciation of the real exchange rate, with a subsequent loss of competitiveness for the recipient economy. This effect is more plausible in those economies (generally small in size) that are highly dependent on remittances (López and others, 2007).

Translating these arguments into empirical terms leads to results that do not always match up. Adelman and Taylor (1990), for example, identify a multiplier effect of remittances on the Mexican economy of between \$2.69

and \$3.17 per dollar received (considering urban or rural environments, respectively).⁶ A similar effect was obtained by Dessai, Kapur and McHale (2001) in a study on India, or by Mishra (2005) in a study on 13 Caribbean countries. In contrast, other studies take a less optimistic view of the effect of remittances. Among these, one by the IMF (2005) stands out, observing a rather wide sample of countries and identifying no robust effects of remittances on the growth of GDP per capita.

From a *microeconomic perspective*, remittances can produce a positive impact on recipient families mainly through their effect on asset accumulation (Stark and Lucas, 1988), on easing of family financial constraints (Faini, 2002) and on providing insurance against unexpected events. On the negative side, however, remittances are considered to be predominantly used for consumption (even conspicuous consumption), discouraging labour and saving efforts by recipient families and generating a “rentier-state” culture (Chami et al. 2005 and Görlich et al. 2007).

Measuring the net effects of remittances in a precise way requires defining a counter-factual scenario in which neither emigration nor remittances have taken place, and where the emigrants therefore continue working in their home countries. This approach can be implemented through two methods, either through a cross-country analysis or through case studies based on family budgets. The work of the World Bank (2006) is expressive of the first approach, and its results confirm the positive effect of remittances on poverty. When it is assumed that inequality levels remain constant, the effect of removing remittances generates an increase in poverty of between 1.2 and 20.3 per cent, depending on the volume of the remittances and the initial level of poverty.

Regarding country-specific studies, Adams and Page (2005) and Acosta and others (2007) are among those that allow more generalized results. The former, using data from family budgets in 71 developing economies, confirms that an increase of 10 per cent in remittances leads to a reduction of 3.5 per cent, on average, in the poverty rate in those countries, and this positive effect is confirmed by Adams and Cuecuecha (2010) in a careful case study on Indonesia. Acosta and others (2007) examines eleven Latin American countries, and their results also suggest that remittances have an effect on reducing levels of poverty (an increase of 1 per cent in remittances as a proportion of GDP reduces poverty by 0.4 per cent). The study also finds that remittances have a positive effect on education levels and health indicators. However, these results are slight and subject to notable heterogeneity among countries.

The returns from emigration received by sending countries are not limited to family remittances. Migration creates an international social network that promotes new activities and business (Orozco 2004; Woodruff and Zenteno, 2007). In some cases, hometown associations located in the recipient country send “collective remittances” that finance investment in social projects and infrastructures in their home communities. At the same time, new cultural and political relationships are forged between communities of the diaspora and communities in the countries of origin, creating a kind of transnational social capital. Finally, migrants are also carriers of new values, ideas, customs, attitudes and social relations, which they transfer to their communities of origin through their ongoing communications, frequent visits, and possible return (seen as *intangible remittances*). Not all these changes are useful to the development needs of the countries of origin, but some probably are, thus adding another positive factor to emigration.

11.5 MIGRATION OF SKILLED LABOUR

Size

As in other fields, it is difficult to estimate the true size of this phenomenon. However, recent works by Docquier and Marfouk (2004, 2006) present a new, much fuller and more reliable database which allows us to examine the migration of skilled labour. The data produce unequivocal results: in 2000, 34.6 per cent of immigrants working in the OECD countries received tertiary or higher education, as compared with 11.3 per cent of the entire labour population worldwide.⁷ So, on average, migrants have a higher education level than the population in their countries of origin. This phenomenon appears to be increasing over time, since in 1990 the ratio of qualified workers was 29.8 per cent of the total number of immigrants - almost 5 percentage points less than in 2000. This tendency seems to be encouraged by: i) the technological requirements of current economic growth; ii) the implementation of policies by certain developed countries to attract specialized labour from abroad; and iii) the growing internationalization of higher education in developed countries, attracting students from developing countries that remain in host countries after their graduation (Rosenzweig, 2006, shows that 20 per cent of foreign university students remain in United States).

The difference between the percentage of qualified workers in the migrant population and those in the country of origin tends to be smaller in high-income countries (figure 11.6). In high-income countries, the qualified population amounts to 30 per cent among residents in the country of origin and 38 per cent among emigrants from those countries; these shares are 3.5 and 45.1 per cent, respectively, in the case of low-income countries. In other words, the poorer the country, the greater the differential between the qualification levels of immigrants and their home populations.

Figure 11.6
Resident and migration population shares with tertiary education, 2000

Source: Docquier and Marfouk (2006): International migration by education attainment, 1990-2000" in Ozden and Schiff (eds) International Migration, Remittances and the Brain Drain, Washington, The World Bank and Palgrave Macmillan.

If the loss of human capital is measured through the proportion of migrants with tertiary education to the likewise educated population in the sending country, the highest rates are found in small countries, most of them islands. When the smaller countries (with less than 5 million residents) are excluded, Haiti, Ghana, Mozambique, Kenya, Laos, Uganda and Angola have the highest rates. Some Central American countries, such as El Salvador and Nicaragua, also show high rates (figure 11.7).

Figure 11.7
Migrants with tertiary education as a share of population in the home country with that level of education, 2000

Source: Docquier and Marfouk (2006): International migration by education attainment, 1990–2000" in Ozden and Schiff (eds) International Migration, Remittances and the Brain Drain, Washington, The World Bank and Palgrave Macmillan.

Note: Countries with more than five million inhabitants.

Effects

The loss of human capital has traditionally been considered a constraint for developing countries. Given the crucial role that human capital has in economic growth, the loss of highly educated workers through migration can harm the development possibilities in sending countries: and the higher the externalities attributed to that human capital, the greater this effect would be (Grubel and Scott, 1966; Bhagwati and Hamada, 1974; Miyagiwa, 1991). It is thought that, through skilled migration, developed countries “siphon off” part of a valuable and scarce resource from developing countries—their highly educated people. The fact that education is frequently carried out with public budgets makes the migration of skilled labour still more unfair, as it can be seen as wasting part of a developing country’s efforts toward human capital formation.

There are other possible negative effects of skilled migration. For example, given professional sectors provide a significant base of taxes in any economy, emigration of skilled labour could reduce notably tax collection in

sending countries. For instance, in a study on India, Desai and others (2001) estimate the fiscal loss from the emigration of qualified human resources at between 0.24 and 0.58 per cent of the country's GDP. Additionally, human capital constitutes a basic factor in building quality institutions within a society (Kapur and McHale, 2005; Alonso and Garcimartín, 2013). Since institutions constitute a relevant factor in explaining development, the loss of human capital could therefore affect the development possibilities of the country. In sum, this approach points out the contradiction between the private interests of skilled potential emigrants and the social interest of the country from which they come.

In contrast to this perspective are those who find both interests compatible: they consider education as an endogenous variable and think that the emigration of trained resources could have positive effects on human capital formation in developing countries. If returns from the educational effort are higher abroad than in the country of origin, the possibility of emigration will increase the return on investment in human capital, leading more people to become educated. In that case, the increase in human capital formation can outweigh the negative effect of the brain drain itself. This, then, is a "brain-drain-induced-brain-gain" scenario (Stark et al. 1997, 1998; Vidal, 1998; Mountford, 1997).

Other potentially positive contributions by skilled emigration on sending countries include: i) the skills and assets that migrants bring after their migratory experience, as long as the emigrant returns (Stark et al., 1997; Domingues Dos Santos and Postel-Vinay, 2003); ii) the possibility of creating networks for international business for the sending country (Mesnard and Ravallion, 2001); and iii) the higher level of remittances from this type of emigration (Cinar and Docquier, 2004). Some of these arguments are questioned by Schiff (2006).

Despite the importance of the question, much of the "brain-drain/brain-gain" debate has long been focused on the theoretical field, with limited empirical information. Only recently have advances been made in empirical studies, from information provided by Carrington and Detragiache (1998, 1999), Adams (2003), Docquier and Marfouk (2004, 2006) and Dumont and Lemaitre (2005). However, the results of these studies are far from conclusive, in part because such analysis needs to tackle the endogenous nature of education and requires the positing of a well-defined counterfactual scenario without migration. As a consequence, the results vary according to the assumptions and methodology adopted. Some argue for

the benefits of qualified emigration and support the notion of “brain gain”. That is the case, for example, of Bein and others (2008 and 2009), who find a positive effect of skilled migration prospects on human capital investment (with an elasticity close to 5) in a cross-section of 127 developing countries. This result is confirmed in a quasi-natural experiment, produced as a consequence of Indian migration from Fiji Islands after the 1980s (Chand and Clemens, 2008), and through a household survey in Cape Verde (Batista and others, 2010). Nevertheless, other authors are more sceptical about the supposed benefits, or else condition them on factors of national contexts and emigration thresholds (Schiff, 2006; and McKenzie and Rapoport, 2006).

On the whole, it seems that the effects of the loss of qualified personnel are highly subject to the externalities attributed to the human capital, the rate of emigration considered, and the sensitivity of educational decisions to opportunities abroad. But, even if the “brain gain” argument was confirmed, obtaining a definitive conclusion would require to demonstrate that: i) the balance of the whole developmental effects (not only in terms of human capital investment) of this kind of migration is positive for the sending countries; and ii) there are no other ways to increase returns of education with less cost to the development process. In relation to the first factor, it is worth considering that, far from being homogeneous, human capital is a highly specific asset with a very low degree of substitution between different varieties. And migration possibilities could alter the profile of education investment toward benefiting those skills that are more prone to foster migration (and not necessarily those that the home country needs).

Although it is difficult to draw definitive conclusions from this literature, the studies might support a position somewhere between the two extremes, suggesting that: i) it is possible that the optimum does not coincide with a zero probability of professionals migrating; but ii) an excessive rate of emigration of highly educated workers could make the costs of the process unambiguous (Kapur and McHale, 2005).

Doubtless, none of the reasons given above would support a policy against the international mobility of qualified workers, but they are sufficient to justify both sending and net-recipient countries in trying to limit the most negative effects associated with this phenomenon. Policies could include: i) limiting developed countries’ implementation of selective migratory policies designed to attract qualified personnel; ii) greater attention to the labour conditions of qualified workers in developing countries; and iii) policies to stimulate the return of professionals when circumstances allow.

11.6 MIGRATORY POLICIES

National policies

There is a clear contradiction between the needs of developed countries for migrant workers to support growth, and the restrictive approaches with which these countries regulate migratory flows. The result of this contradiction is the creation of a large population—the dimension varies depending on the case—of undocumented migrants living in precarious conditions in host countries.

The problems associated with undocumented migration go beyond the generation of migrants directly concerned and affect their descendants as well. The second generation suffers the segmented social assimilation that derives from the irregular situation of their parents. Their downward assimilation frequently produces low educative performance, school drop-out, adolescent pregnancy and involvement in gangs and illegal activities (Portes, 2008). These problems end up reinforcing social and racial stereotypes associated with migrants and further reinforce the difficulties of the social integration of migrants in host countries.

Additionally, the fact that significant migration operates in a context outside the law makes for an appealing situation for mafias and other illegal groups to take advantage of the vulnerability and uncertainty that many migrants face. Such abuses are especially serious around the routes of entry to destination countries, including transit countries and border crossings. Violence is more extreme in the case of women, who frequently suffer exploitation and sexual abuse.

As a consequence of these manifestations of delinquency, recipient countries end up viewing migration as a security problem, focusing policies on the tightening of borders and persecution of undocumented migrants. Terrorist threats have amplified this tendency, making migration policy still more repressive in tone. This approach is hardly effective in the long term and can foster abuses by police and security forces, not only in host countries but also in transit countries.

If recipient countries are to avoid irregular migration, their governments should estimate labour needs in a more realistic way and create routes of legal access to those jobs deemed necessary. Permanent migrants should be allowed access to public services, residence and, where appropriate, nationality in the host country, thus guaranteeing rewards and social rights in conditions similar to those enjoyed by national workers. It is

also important for governments to flexibly regulate migrant mobility once emigrants are in the host country. Furthermore, it would seem appropriate to establish limits to tethering, which ties the foreign worker to a sponsoring employer, thus facilitating abuses by the unscrupulous.

Sometimes the demands of the labour market lead to temporary jobs (in tourism or agriculture, for example), so it is important for governments to develop adequate regulatory frameworks for this kind of migration. In these cases, the state should guarantee that the conditions of the work, residence, and health and security of migrant workers is up to the standards of native workers. For this kind of programme to work properly, it is best that the authorities in the countries of origin, as well as unions from both countries, be involved—and not merely the employers. In fact, the sharing of responsibilities and obligations by source countries (such as pre-movement screening and selection, facilitation of return, and commitments to combating irregular migration) should be a key element of these programmes.

In sum, the approach should be based on a double principle: i) first, the recognition that it is up to the individual states to define the ways of accessing residence, employment, and nationality in the case of anyone coming from another country; but also ii) acknowledgement that those same states have an obligation to protect the basic human rights of people within their territory, whatever their administrative status. Moreover, in the case of an emigrant who lives legally in a host country, as UNDP (2009) reiterates, the host government should be obliged to guarantee, as a minimum, the following rights: i) equal pay for similar jobs, respectable labour conditions, and social and health protection; ii) collective organization and negotiation; iii) not being subject to arbitrary detention or deportation without judicial process; iv) not suffering cruel, inhuman or degrading treatment; and v) the possibility of free return to the country of origin. All these rights should be guaranteed along with those associated with personal freedom and security.

The form in which recipient countries have implemented their migration policies is highly variable, as the index of immigrant integration (the MIPEX) shows. The range of overall qualification is from 83 points in Sweden to 31 in Latvia, with the potential range being 0 (worst case) to 100 (best case) (table 11.6). The most notable differences were found in the extent of political participation and in the eligibility of migrants to acquire host country nationality.

The current crisis has brought about a more restrictive tone in migrant policies in the OECD countries. Moreover, an increasingly visible anti-

Table 11.6
Assessment of national migratory policies (MIPEX) in selected countries, 2010

100 = best score								
Countries	Labour market mobility	Family reunion	Education	Political participation	Long-term residency	Access to nationality	Anti-discrimination	Total
Austria	56	41	44	33	58	22	40	42
Belgium	53	68	66	59	79	69	79	67
Bulgaria	40	51	15	17	57	24	80	41
Canada	81	89	71	38	63	74	89	72
Cyprus	21	39	33	25	37	32	59	35
Czech R.	55	66	44	13	65	33	44	46
Denmark	73	37	51	62	66	33	47	53
Estonia	65	65	50	28	67	16	32	46
Finland	71	70	63	87	58	57	78	69
France	49	52	29	44	46	59	77	51
Germany	77	60	43	64	24	59	48	57
Greece	50	49	42	40	56	57	50	49
Hungary	41	61	12	33	60	31	75	45
Ireland	39	34	25	79	43	58	63	49
Italy	69	74	41	50	66	63	62	60
Latvia	36	46	17	18	59	15	25	31
Lithuania	46	59	17	25	57	20	55	40
Luxembourg	48	67	52	78	56	66	48	59
Malta	43	48	16	25	64	26	36	37
Netherlands	85	58	51	79	68	66	68	68
Norway	73	68	63	94	61	41	59	66
Poland	48	67	29	13	65	35	36	42
Portugal	94	91	63	70	78	82	84	79
Romania	68	65	20	8	54	29	73	45
Slovakia	21	53	24	21	50	27	59	36
Slovenia	44	75	24	28	69	33	66	48
Spain	84	85	48	56	78	39	49	63
Sweden	100	84	77	75	78	79	88	83
Switzerland	53	40	45	59	41	36	31	43
United Kingdom	55	54	58	53	31	59	86	63
United States	68	67	55	45	50	61	89	62

Source: Migratory Policy Group and British Council (<http://www.mipex.eu>).

immigration sentiment has surged in several countries, many of which have long traditions of accepting immigrants. Some are witnessing an increase in the number of political parties wary of immigration, and even an increase in xenophobic messages.

International framework

In order to achieve a suitable regulation of migration flows, national responses are not enough: as a global phenomenon, migration requires a global approach. The reality, as UNDP (2009) pointed out, is that migration falls into an area not covered by any formal international regime. There exists neither a globally agreed regulatory framework nor a specialized multilateral institution. In fact, the only specialized international legal framework in the area of labour migration, the Convention on the Rights of Migratory Workers and their Families (1990), has been signed by only 41 countries.

The Doha Round of the World Trade Organization (WTO) gave an opportunity to build a multilateral framework to deal with a limited set of international migration. Under the General Agreement on Trade in Services (GATS), through its Mode 4, the temporary movements of service providers across borders were negotiated. Unfortunately, few commitments have been made on Mode 4 in the Doha Round, prompting countries to turn their attention toward bilateral and regional agreements.

Besides that, migration lacks a coherent institutional framework at the global level. There are a large number of international organizations that have mandates over issues related to migration, but none in a specialized and comprehensive way (these include, among others, the United Nations Population Fund (UNFPA), the United Nations Department of Economic and Social Affairs (UNDESA), the International Labour Organization (ILO), the World Trade Organization (WTO) and the International Organization for Migration (IOM).

There is not a unanimous opinion on the need to create a supranational institution with enforceable power to manage global migration (Baghwati, 2003, and Hatton, 2007, as opposite opinions). The main barriers to agreement are related to: i) the labour-importing countries' desire to set immigration policies unconstrained by international agreements; ii) the limited room for reciprocity among countries in which the agreement can be based; and iii) the lack of leadership from major migration-destination states to build this international frame.

In spite of that, there is a shared opinion that potential gains produced by international migration could be both increased and better distributed if nations shared a more coherent, liberal set of rules at the global level. The key to achieving this purpose is to find incentives that attract both home and host countries to take part in cooperative action. But it is difficult to find sufficient mutual rewards in the field of migration alone. It may, therefore, be necessary to make changes in other areas of international relations, in order to create mutually beneficial development opportunities. International migration is a consequence of the asymmetries that exist in the international system, and it is impossible to reduce migration pressures if these asymmetries are not corrected through fairer distribution of development opportunities.

In any case, a pragmatic way to increase migratory governance is through more active international cooperation based on networks (like the numerous regional consultative processes), dialogues (such as the Global Forum on Migration and Development), and certain institutions (such as the IOM) (Betts, 2011; Ghosh, 2007; Trachtman, 2009; or Kolowski, 2009). Nevertheless, it would be necessary to integrate these efforts into a more global and coherent framework.

11.7 FINAL CONSIDERATIONS

International migration can be a powerful factor in the development process for both recipient and destination countries, and it opens up significant opportunities for the emigrants. In this sense, emigration is not a zero-sum game; adequately regulated, it can be the source of shared benefits for all those involved. Empirical estimations confirm that the global welfare effect of increased free migration would be greater than that which trade liberalization (or capital deregulation) can create. Of course, emigration can also involve costs, which need to be considered and, to the extent possible, minimized. A basic requirement for a good approach to migration policy would be that: i) sending countries understand that emigration cannot be conceived as a substitute for a development strategy; and ii) recipient countries understand that meeting their labour needs requires offering migrants the protection of the law and a recognition of workers' social rights.

Second, despite the potential benefits of international migration, the laws governing this process are notably restrictive. The result of this regulative framework is the presence of a large group of undocumented immigrants living outside the law in their destination countries. In order to avoid such

an outcome, recipient countries must better balance their need for a migrant population with rules that allow migrant workers to obtain residence (and citizenship, where appropriate) as well as employment.

Obviously, it is necessary to acknowledge that all countries have the right to define the rules around entry into their territories, access to residency and citizenship, and integration by foreigners into their labour markets. However, that regulation must be sensitive to the conditions of the poorest peoples while recognizing the potential of migration as a source of progress for those involved. In any case, if states have the right to regulate conditions of access by non-nationals to their countries, they also have the obligation to protect the basic rights of everyone in their territory, regardless of his or her administrative status.

Third, in an increasingly integrated world, national solutions are insufficient. It is difficult to effectively manage migratory flows without a concerted international effort. Therefore, regulation should support the international instances of dialogue and cooperation currently in effect (such as the Regional Consultative Processes on Migration, or RCPs), promoting more active participation by civil society and the private sector, and encouraging, when appropriate, a tighter link with the process of regional integration. At the same time, more efforts should be made to create an international regime for regulating international labour migration.

Fourth, the remittances sent by migrants constitute an important source of financing that may be useful to development processes in migrants' countries and communities of origin. However, it is possible to improve the impact of this source of financing if sending and host countries work at: i) reducing the transaction costs of remittance transfers (Hanson, 2010, shows that a 10 per cent increase in fees is associated with a 1.5 per cent reduction in transfers); and ii) defining public stimuli to encourage more productive use of remittances for development purposes, while respecting the private nature of the funds.

Fifth, migration is highly selective, most intensively affecting the young, the most dynamic, and the best-trained members of a population. So it is possible that emigration generates costs for developing countries in terms of losses of human capital. To avoid these negative effects, work needs to be undertaken to: i) revise the most aggressive policies that selectively aim at attracting qualified human resources from developing countries; ii) support efforts by developing countries in training, research, and human capital formation; and iii) make greater use of temporary contracts with stimuli for emigrants to return to their countries of origin.

Finally, the current crisis is having multiple effects on international migration. It has increased immigrant unemployment to above the native average in most of OECD countries, and it has reduced the flows of migrants to developed countries. Also, the crisis has generated anti-immigrant sentiments among certain social and political groups in host countries. Such perceptions have often been translated into a more restrictive tone in migration rules.

However, while the current crisis has tended to slow migration flows, it is reasonable to assume that migratory pressures will continue to be part of the contemporary world. Among other factors, this is true because of: i) the persistence of notable inequalities in wages and income between countries (Clemens and others, 2008; Rosenzweig, 2007); ii) the disparity between the demographic dynamic of the developed world and that of the developing world (see chapter 7); and iii) easy communication and transport between countries. In sum, migration will continue because we live in an increasingly interdependent, but highly unequal, world. In this context, a suitable policy on international migration is an obliged part of a development strategy for the future.

NOTES

- 1 A more complete presentation of some of these ideas can be found in Alonso (2011).
- 2 For these purposes, a migrant is considered to be anyone who was born in a country different from the one in which he or she currently lives.
- 3 A similar, though smaller, phenomenon was produced as a result of the breakups of Czechoslovakia and Yugoslavia.
- 4 This is the case with Estonia, Greece, Hungary, Ireland, Portugal, Slovak Republic and Spain.
- 5 Improvements in system of counting remittances have also contributed to this increase.
- 6 In urban environments, consumption includes a larger component of imported goods than in rural environments.
- 7 The Docquier and Marfouk data could overstate the level of skilled migration, since some immigrants may have completed their schooling in the destination country. Bein and others (2006) consider this possibility.

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