

The logic of migration

Catherine Barber

This paper discusses migration for economic, social and political reasons as a livelihood strategy and as part of a wider development strategy, and challenges some criticisms on the part of both sending and receiving countries, before proposing an agenda for change.

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Why do people move? The academic literature on voluntary migration offers numerous explanations, but the simplest one is this: people perceive opportunities – economic, social and political – that are not available to them in their place of origin, and they move towards them.

Inequalities in economic opportunities across nations are particularly stark. Wages in rich countries are around one hundred times higher than in the poorest countries; the industrial wage in the US is around \$13 an hour; in Viet Nam, just 13 cents an hour.¹ Yet, while characteristics such as education, work experience and health explain variations between individuals' wages *within* countries well, they explain only a tiny fraction of the variations *amongst* them. Nearly all of the differences in wages of individuals are explained by their national locations rather than their personal characteristics.

Data on actual migrants illustrate this dramatically. When people move, their wages in the receiving country are almost identical to those of local workers and bear little relation to those of workers in their country of origin. A Salvadorian man with a secondary education who works in the US receives the same wage as the average for an American man with the same education. This wage is almost nine times higher than the wage received by his equivalent in El Salvador.

The difference in opportunities between countries has been widening over time. A study by Bourguignon and Morrison estimates that in 1820, only one tenth of the difference in incomes among all individuals in the world was due to differences in average incomes across countries. Today, 60 per cent of global inequality is attributable to differences in incomes across countries.² Borders matter more today than ever before.

Curiously, even in the face of huge global inequalities and incentives for cross-country mobility, we wrongly assume that nation states and their populations are fixed. This is historically inaccurate. In the early 20th century there were around 40 sovereign nations. Today there is around 200, as a result of which labour markets are more local and more segmented than at any time in recent history.

The absolute and relative sizes of countries have also changed radically as a consequence of migration. The peak population of Ireland in the 19th century was over 8 million; by 1901 the population had fallen to 4.5 million. In the mid 19th century Canada's population was less than half of that of Ireland, while today it is around five times higher. Our era of globalisation has far greater obstacles to movement than existed in the corresponding 19th and early 20th century eras.

Migration offers opportunities not only for individuals but also their extended families. The most striking evidence of this comes from international remittances. In 2004, developing countries received an estimated \$126 billion in official remittances.³ At a national level, remittances are second only to foreign direct investment as a source of external funding for developing countries, and are several times higher than international aid flows. They are particularly important for low-income countries, standing at 3.3 per cent of GDP compared to 1.3 per cent for middle income countries. They are also significantly more stable than private capital flows.

In short, economic migration is a livelihood strategy for both individuals and families, which has huge potential payoffs for them and their countries.

¹ Statistics on cross-country income inequalities and historical movements are drawn from Pritchett (2003), see references. Wage comparisons do not adjust for purchasing power; the discrepancies would remain great (though reduced) under adjustment.

² Bourguignon and Morrison, 2002.

³ Statistics in this paragraph from Ratha and Maimbo, eds., 2005. The total figure for remittances to developing countries - including unofficial flows - is thought to be closer to \$200 billion.

Responses to some common criticisms

Why is greater freedom of movement not on the 'economic justice' agenda? Besides political winnability, there are some questions as to whether migration is a good development strategy. These range from criticisms that migration is bad for individual migrants, their families, their communities of origin, their countries of origin and destination, to a 'meta' argument that migration is insignificant in the wider scheme of development. These criticisms are addressed briefly here.

'Migrants wouldn't move if they knew how hard the experience would be'

It is certainly true that migrants have imperfect information about their places of destination, and their rights, and it is sometimes argued that they would not migrate if they knew how poor labour standards were in their host countries. Yet even when migrants do know how poor the labour standards are in certain countries – for example in the Gulf States – many of them choose to return repeatedly as migrant workers. The fact that people move *despite* extreme personal hardships may be one of the most compelling reasons for promoting increased legal labour mobility.⁴ Whether or not information is limited, people know and respond to the basics: the differences in wages across countries are dramatic. In Cambodia, the average income is \$310; in neighbouring Thailand \$2,190. In Lesotho, the average income is \$500; in South Africa, \$2,780.⁵ Judging migrants' decisions as ill-informed – in the face of such dramatic incentives to move – runs contrary to the well-established development tradition of respecting individuals' livelihood decisions.

'Migrants' families suffer social and psychological damage from family separation'

Nobody questions that family separation is painful. Yet most migrants are acting as they consider *best* for their families, given the opportunities open to them. Arguing that migration is bad for development because it hurts families fails to respect the difficult decisions made, for example, by parents whose choice is between being with their children and migrating to earn the money to see their children through secondary school.

One view is that children of migrant parents are so traumatised by their parents' emigration that this outweighs any other considerations. However, some interesting research from the Philippines – one of the major sources of migrant labour – suggests that that these children's psychological and health outcomes are on average similar to those of their peers, while their socio-economic outcomes are significantly better.⁶

'Communities of origin suffer from the loss of skilled professionals'

Clearly this is sometimes the case, the emigration of medical professionals from Least Developed Countries in sub-Saharan Africa being the most obvious example. For other skilled workers or for other countries of origin the situation is less clear. As mentioned earlier, migration produces benefits in terms of inward remittances – for example, those from the USA to India are around five times greater than the estimated net loss in taxes – and there may also be 'network effects', such as increased business contacts, investments and technological assistance.⁷ There is also evidence that skilled workers return to their countries of origin when the investment climate and work environment improves.⁸ At any rate, it should be possible to design a system that promotes greater global mobility without encouraging the emigration of certain skilled workers from countries where they are particularly needed.

⁴ I am unaware of any survey that shows that the majority of migrants in any destination country regret having moved there.

⁵ World Bank, *World Development Indicators 2004*.

⁶ Scalabrini Migration Center 2004.

⁷ Ratha and Maimbo, eds. 2005, p 32.

⁸ Taiwan is a notable example. See O'Neill 2003.

‘Emigration removes a political force for change in developing countries’

This may be true in some circumstances. However, sometimes citizens can be *more* politically active in relation to their country of origin once outside it, particularly when they have left a repressive political regime. Furthermore, it is certainly not the case that migrants wash their hands of their communities of origin when they are abroad; on the contrary, remittance-sending diasporas often have a strong sense of entitlement to comment on domestic issues. Political systems are evolving to reflect this: overseas Filipinos have recently won the right to vote in national elections; Mexicans from certain regions can vote in their municipal and state elections, and non-resident Indians now have an ‘Ambassador at Large’ who represents their concerns to the Indian government.

‘Emigration causes depopulation and the decline of sending communities’

This is true in some cases, and unsurprisingly, the development workers who aim to make these sending regions better places to live, resist such emigration. However, it is worth taking a long-term perspective on population shifts. Places do change – and in hindsight we don’t necessarily regret it.

‘Immigration causes increased inequality in receiving countries’

This concern has received particular attention recently in view of the increased recognition in development circles of inequality as a form of poverty.⁹ However, economic studies suggest that the impact is small or even non-existent. Dustmann *et al.* surveyed the research on immigration, wages and unemployment in the UK and concluded that there is no evidence of a significant impact.¹⁰ Recent studies indicate that cultural rather than economic protectionism is the primary cause of anti-migration sentiments, at least in Europe.¹¹ Borjas is the main dissenting voice on the impact of immigration, arguing that it has significantly affected wages of low-skill workers in the US.¹²

In either case, the existence of winners and losers from immigration should not be a reason to oppose it. Applying the same logic that we use in trade debates, if there are net gains from migration – and most economic analyses suggest this strongly¹³ – then redistributive policies in receiving countries can mitigate any pre-tax effect on inequality. The counter-argument may be made that governments in fact *won’t* make redistributive transfers, but, as Rodrik notes, that would constitute a reason to oppose imports of labour-intensive goods just as strongly as immigration. This clearly does not happen.¹⁴

‘Migration will only help a small fraction of developing country citizens’

This is of course true. Even if rich countries allowed migration to increase their populations by ten per cent – an almost unthinkable number in today’s political climate – this would only affect the two per cent of developing country citizens who could move, and their extended families at home. Increased freedom of movement can only be one part of a development strategy. But there is nothing inherently incompatible in saying that people should have greater freedom to move towards existing opportunities, *and* that greater opportunities should be promoted in developing countries. Ignoring increased movement as a potential development strategy, on the other hand, implies a confidence in

⁹ See the UN (2005) *Human Development Report 2005* and the World Bank (2006) *World Development Report 2006* for illustrations of this debate.

¹⁰ This may either be because the skill composition of immigrants is similar to that of the native population, or because production patterns change to reflect the new skill mix. For example, agricultural production is generally accepted to be higher in the UK than it would be without the presence of migrant workers. This does not mean that native workers are displaced from these jobs, but rather that the jobs exist where they otherwise would not. Dustmann, Fabbri, Preston and Wadsworth 2003, ‘The Local Labour Market Effects of Immigration in the UK’, Home Office Online Report 06/03. <http://www.homeoffice.gov.uk/rds/pdfs2/rdsolr0603.pdf>

¹¹ Preston, Ian and Christian Dustmann (2007) based on evidence from the European Social Attitudes Survey). ‘Cultural protectionism’ is determined by responses to statements such as ‘This country would be better if it were more white or ‘if it were more Christian’.

¹² Borjas 1999.

¹³ See for example Winters 2002, who finds that there would be a \$150 billion increase in global income if rich countries allowed immigration to increase their labour forces by 3 per cent.

¹⁴ Rodrik 2002.

current strategies that simply does not seem justifiable in view of persistent poverty and income inequalities across countries.

An agenda for change?

While there is a strong ethical case for increasing access to rich country labour markets, and demographic trends would favour such a policy, political support for increased immigration is weak. Advocates for a more open system therefore tend to focus on temporary mobility schemes, which would extend economic opportunities to developing country workers but keep the numbers of foreign-born citizens in rich countries at politically acceptable levels.¹⁵

There is some political space for this suggestion. GATS talks at the WTO include liberalisation of 'Mode 4' service provision ('movement of natural persons'), and, though rich countries' offers have been very limited to date, bringing labour mobility into trade talks does at least give developing countries some bargaining power. Accordingly, they have pushed rich countries to lift obstacles to Mode 4 provision of services by introducing GATS visas, clarifying and simplifying the application of Economic Needs Tests, recognising international qualifications, and extending commitments to semi-skilled or low-skilled categories.¹⁶ Some of these issues are sufficiently technical (e.g. recognition of qualifications) that it is possible to discuss them without becoming embroiled in heated political debates about immigration.

Temporary migration schemes have their critics. Schemes from the 1960s and 1970s experienced fairly high 'leakage' as temporary workers became permanent residents of their host countries. However, contemporary proponents of temporary schemes argue that earlier schemes were poorly designed and provided migrants with few incentives to return to their country of origin. Rodrik suggests a quota system of temporary workers under which a sending country's access to rich country labour markets would depend on its success in attracting the previous year's workers home.¹⁷ This would generate internal political pressure in developing countries to put in place favourable conditions for returning migrants (for example, support for investment projects, information about employment opportunities). Such a rotation scheme would have the advantage of attracting skilled workers back to their countries of origin, extending the opportunity to move to a wide number of people, and improving the investment and employment environments in sending countries.¹⁸

More fundamental than any technical policy change is a change in attitudes to migrants in rich countries. Hostile attitudes are widespread, but often founded on misconceptions or prejudice.¹⁹ There is little respect for the hardships that migrants endure in order to improve circumstances for themselves and their families. Challenging these attitudes will be fundamental both for achieving support for a pro-migration agenda and for protecting the rights of workers when they do move.

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¹⁵ See, for example, World Bank (2006), *Global Economic Prospects 2006*.

¹⁶ Zambia, speaking recently for LDCs, suggested that members should open their markets to 'all categories of natural persons from LDCs, particularly unskilled and semi-skilled persons' without applying a so-called economics needs test. (Bridges 2003).

¹⁷ Rodrik 2002.

¹⁸ For a discussion of how temporary worker scheme experiences can be made more 'development-friendly', see Ruhs and H J Chang 2004 and Barber, Black and Tenaglia 2005.

¹⁹ For example, in 2004 polls revealed a widespread belief that immigrants from new EU member states would 'scrounge' UK benefits. In fact, 99 per cent of the applications for UK National Insurance numbers made by EU accession country citizens since 2004 have been employment-related; only one per cent were made in order to obtain benefits. UK Home Office (2005), 'Accession Monitoring Report May 2004 – September 2005', available online.

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Global Commission on International Migration (2005) *Migration in an Interconnected World: New Dimensions for Action*, Geneva. This is the product of a consensual Commission; hence a very bland read but gives an idea of current thinking.

King, Russell, Nicola Mai and Mirela Dalipaj (2004) *Exploding the Migration Myths: Analysis and Recommendations for the European Union, the UK and Albania*, Oxford: Oxfam GB. A book on Albanian-UK economic migration.

World Bank (2005) *Global Economic Prospects 2006: Economic Implications of Migration and Remittances*, Washington DC: World Bank. Argues for an increase in labour mobility, so somewhat more risqué than the others. Very good summary of evidence on effects of remittances.

The following papers/books are recommended for originality and plain good writing. They are well worth reading.

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Caouette, Therese (2001) *Small Dreams Beyond Reach: The Lives of Migrant Children and Youth Along The Borders of China, Myanmar and Thailand*, London: Save the Children (UK). A possibly unique instance of an international NGO doing in-depth programme work and research on economic migration.

A 2003 submission to the House of Commons International Development Committee. Proceedings from NOVIB conferences on migration and remittances in 2004 and 2005, and research by Oxfam's United Kingdom Poverty Programme (UKPP) on migrant workers in the UK in 2004-05 (written by Catherine May). UKPP has also recently co-sponsored a research project by Queen Mary University on low-paid workers in London, many of whom are migrants. A book by Ben Rogaly on migration and development is forthcoming in the Pluto Press series.

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Catherine Barber was formerly Economic Policy Adviser to Oxfam GB. She has taught at Harvard and Oxford Universities.

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