

International Migration: Global Trends and Issues

A contribution at the occasion of Teun van Os van den Abeelen's farewell during the Autumn of 2008. Given the financial crisis, a prospective look at international migration deserves to focus on the past, the present and the future alike. Will 2008, like 1973, present itself as a divide concerning both the inflow of and contributions by migrants ?

Today almost no country is untouched by international migration or is immune to its effects. Indeed, few social phenomena in recorded human history are as civilizationally consequential as migration. And few other large social phenomena have been as deeply implicated in the rise and decline of organized political entities as migration. Related to this reality is that the overwhelming majority of immigrants today come increasingly from countries of vast social, cultural, and often racial "distances" from the countries they seek to enter.

Quick Migration Facts (Immigrant Stock)

In 2005, the UN estimated that there were roughly 190 million individuals (3% of world population) living outside their country of birth (today, the figure is probably closer to 200 million). But 30 million of those never moved (they became immigrants as a result of changing borders following the dissolution of the USSR), and for the last 40 years, 2-2.5% of the world population have always been classified as immigrants.

Twenty-eight countries host 75% of all migrants worldwide but virtually every country is a player or a "wannabe." Between 10 and 20 million migrants are not counted in these stock figures. Among them are about 2.5 million international students: 1 in 5 such students around the world is from China (15.2 percent) or India (5.2 percent).

Immigrant "Density"

The 'density' of immigrants (foreign born per capita, 2005) differs widely. The Gulf States have a 50+% density, a country like Luxembourg a 33% one, whereas in Australia and Switzerland 1 out of 4 are foreign born. Canada (1 out of 5), tops the USA, Ireland, Sweden and Germany (about 1 in 8). The Netherlands finds itself in the 1/10 'league', together with countries like France, Greece and Spain.

Migration Triggers

- Escape dramatic and persistent declines in economic opportunities. In recent years, these include Argentina, Venezuela, etc.
- Ongoing failure of governments to redress systematic discrimination against ethnoracial, religious, or language minorities. Countless examples come from Africa, the Commonwealth of Independent States, the Middle East, etc.
- The quest to protect one's family

- Wars (conflicts) and large-scale natural or man-made disasters, such as the Balkan Wars at the end of the 20th century, Central America since the late 1970s (both conflict and natural disasters).

Migration Facilitators

Foremost among migration ‘facilitators’ is the tradition of migration. Simplistically put, migration begets more migration, though not forever. Lasting change in social and economic circumstances can change flows. Other factors include economic and internationalist elites (economic interests are often dominant but not always: note the U.S. (recently) and much of the EU most of the time) and the existence of communities of co-ethnics. The “network effect” is typically also extremely powerful. Last but not least, Civil Society also has an impact (humanitarians, human rights activists, etc.).

The Evolving Migration Context

The evolving context can be seen from the receiving countries’ as well as from the sending countries’ points of view.

As to the receiving societies, it migration represents

- A key by-product of deepening social and economic interdependence (globalization)
- The social and economic challenge of demographics (fertility deficits and ageing)
- Terrorism has fueled growing skepticism about further openness
- Illegality: A massive governance challenge and an obstacle to making a successful case about the value of immigration to the public

For the sending societies,

- Migration as a spur to development and as an essential lifeline for large numbers of households in developing countries--financial remittances sent worldwide through formal channels exceed US\$300 billion; US\$193 billion of this total flows to developing countries; in 2005, Mexico received 11.3% of all remittances to developing countries.
- Concerns about the behavior of public authorities in receiving countries and their seeming disregard for human, labor, and other basic rights.
- The deleterious effect of the growth in the trafficking industry on relations with transit and destination countries.
- The “brain drain” issue

Trends and Challenges in Immigration Policy

Among the main trends and challenges the following can be discerned:

- Inability (refusal?) to adjust immigration policies to better reflect market realities.
- Competition for immigrants of many different types and skill levels.

- The need, but inability, to increase opportunities for temporary entry of immigrants who are willing to play by the rules and work hard in jobs that many natives of the developed world find unappealing.
- The growth in the migration of “false promises” and “indentured servitude” industries (human smuggling and trafficking).

The Overall Policy Goal of a Thoughtful Migration Policy

The goal must be devising a system in which policy interventions at the local, national, regional, and international levels increase benefits for all actors in the migration process, namely the receiving communities and societies, the ending households, communities, and societies and the immigrants themselves could be seen as the main overall policy goals of a thoughtful migration policy. It is an empirical question as to whether the various stakeholders have this always in mind.

From Immigration...to Integration

One of the main issues of today’s migration patterns is related to the integration challenge. Due attention must be paid to the differential outcomes of this challenges. It should be emphasized that almost across all countries, immigrants and their offspring are well behind natives in: (a) educational achievement; (b) economic benchmarks (e.g. employment and unemployment rates, labor force participation rates, dependency on social support, earnings, quality of housing, etc.); (c) access to opportunities; and (d) social and political engagement

These cumulative disadvantages result in varying degrees of economic, social, and political marginalization. Strikingly, among the exceptions are Canada and Australia; the U.S. is much closer to these two countries than to the European ones.

The Age of Mobility: Future Migration Trends

I submit that immigration will continue to grow (supply and demand reasons). The economic and demographic factors speak for themselves. More industries will seek (and win) the right to access the global labor pool; More global firms will seek to move their management and technical personnel with minimum disruption across borders; And more workers at all skill levels will seek to migrate for work in other countries--and some will stay there (the search for opportunity).

Moreover, the political, social, and demographic factors fueling migration shall continue to be very strong. The physical survival and security (freedom from real or imagined threats) is an important trigger, and so are large-scale disasters. This, combined with the spirit of adventure will result in continuing flows, albeit of a mixed character.

The Future of Migration Policy

It is important to keep in mind that security concerns may have implications for future flows. Governments will look to better “manage” migration both in terms of controlling illegal immigration and employing more selective immigration policies

overall. This will be combined with the perennial search for addressing the root causes of migration.

The continuing turmoil in financial markets and deepening economic slowdown in most developed nations across the world are dominating headlines. As unemployment rises and household budgets shrink, analysts, policy-makers and the public are beginning to ask what the consequences will be for immigrants and for immigration.

Immigrants make up a significant proportion of the labor market in most developed countries. The downturn is likely to affect the kind of immigrants in the country – who arrives and who leaves – with implications for labor supply in several sectors. Since immigrants are over-represented in low-skilled occupations that are typically hit hardest during downturns, and since immigrants are ineligible for welfare benefits in some countries, they may suffer particular hardship during the recession. This could damage their potential to integrate socially and economically.

We do not yet know the likely length and depth of the current economic downturn. The implications for immigrants and for immigration will depend in part on the nature of the recession, with a longer and deeper downturn likely to lead to more severe and more permanent impacts. The key questions are:

- How will the downturn affect migration flows? And will inflows slow, or outflows increase?

Does the economic cycle affect immigration flows?

The current downturn is most likely to reduce inflows of both immigrants and international students. Migration decisions are strongly linked to economic opportunity. Economic migrants move to the host country because they want to improve their own opportunities and those of their families. There are strong reasons to believe that the host country's labor market conditions could affect immigration flows. However, in order to understand how and where this will happen, we need to look more closely at the different factors that motivate decisions to migrate.

What affects immigrant inflows?

Different immigrants will have different reasons for migrating and will face different barriers in doing so. These factors affect the likelihood that an economic downturn in a developed country will shape immigrant inflows.

- Is migration labor-related? For some immigrants the decision to migrate is purely an economic one. For others, personal, social or political factors are more important, and hence labor market conditions will be less relevant (although they may still play a role).
- Is there still a large 'opportunity differential'? Would-be economic migrants are expected to move if their prospects in the host country are much better than those at home. If wages and employment rates decline just as much in the source country as in the host country, a recession does not necessarily reduce the

motivation to migrate. The extent to which sending and receiving countries' economic cycles are aligned will be important in determining flows.

- Is the relevant visa category over-subscribed? If the host country has very limited quotas for a given type of immigrant, a reduction in applications will not lead to a reduction in visas issued. For immigrants who have waited a long time to receive a visa, immigration is a long-term decision that is unlikely to be affected by a recession of limited duration.
- How much administrative delay is there to visa processing? Long visa processing times should reduce the extent to which application numbers reflect current economic conditions.
- Does the visa require a job offer? Even for visa types with limited administrative delay or over-subscription, a natural decrease in flows should be expected for visas that require job offers, because such offers will be harder to obtain during a downturn.

What affects immigrant outflows?

Immigrant outflows are governed by largely similar motivational and institutional considerations. A number of factors affect an immigrant's propensity to leave the country during a downturn.

- Was the migration decision temporary or permanent? While the lines between temporary and permanent migration are blurred, the migrant's *intentions* are clearly important to any decision to return home during a downturn. Immigrants who intended to immigrate permanently are much less likely to return home in a downturn. Those who planned for a temporary stay, on the other hand, may decide to cut their trip short.
- How strong are social and family ties in the host country? Strong family ties in the host country will discourage return migration.
- How much time has passed since immigration? A combination of the first two considerations means that longer stays should be associated with lower rates of return migration due to a downturn.
- How expensive is it to return home? Circular or 'shuttle' migration is more common for immigrants in geographically proximate countries.
- Will the individual be able to come back when the recession is over? An immigrant who cannot return to the host country will think twice about leaving. This will depend on the immigrant's status and the host country's immigration rules.
- Is the immigrant eligible for welfare benefits? For instance, many recent immigrants to the UK from Eastern Europe are not eligible for benefits (at least within the first year). Workers who cannot find employment and do not have family or friends to support them may decide to go home.

The relative importance of these factors affecting inflows and outflows depends on the type of immigration in question. How sensitive are the various migration flows likely to be to these factors? The order of the flows described in the following analysis

reflects the approximate extent to which we believe that immigration volumes are likely to be affected. EU immigrants and international students head the list.

Family and humanitarian immigration seems least likely to be affected by the economic cycle. While many such immigrants work in the host country, their decisions are likely to be driven to a large extent by non-economic factors. Further, a substantial portion of family migration is likely to be permanent by intention. For the same reasons, these migrants are highly unlikely to return home because of an economic downturn.

Highly skilled economic immigrants are likely to be quite responsive to economic conditions. Since many highly-skilled immigrants are young and single, unlikely to have strong family ties in the host country, and are typically tied to an employer, they may be more likely to return home if they lose their job. The fact that such immigrants are typically well-compensated, suggests that the expense of going home may well be affordable even if the immigrant intends eventually to come back to the host country.

In fact *all immigrants that require* a job offer will be responsive to weak labor market conditions. Since many of these migrants are less-skilled, they may work in sectors that are harder hit by the ‘typical’ economic downturn (although the recent turmoil in the financial services industry puts this observation in doubt).

Unauthorized immigrants are thought to be quite responsive to economic cycles in both host and source countries. Evidence from the US shows a close correlation between changes in the US-Mexico opportunity gap and illegal immigration. When the opportunity gap changes, arrests on the U.S. south-west border were found to respond within the current month. Recent evidence suggests that the growth of illegal immigration to the US has stalled in 2007-2008. On the other hand, the main disincentive to return migration is likely to be border enforcement (particularly in the US). Unauthorized workers who fear they will not be able to come back to the host country will be less likely to leave.

Student inflows have been found to be sensitive to economic conditions at their country of origin and to exchange rates, making changes in flows dependent on the relative economic performance of host and source countries. Recent stock market turmoil across the world has reduced the value of individuals’ savings in most sending countries. For example, the China Shanghai Composite Index fell 66 per cent to October 2008, with likely implications for potential students’ savings in the largest source country for international students. Tangible evidence of a significant impact on flows occurred during the Asian credit crisis of 1997 (where key ASEAN currencies fell 25-30 per cent in value in the second half of the year). That financial crisis decimated flows of Malaysian and other students from the region countries.

EU immigration, primarily from new Eastern European (A8) Member States, is likely to be most responsive to the economic cycle for several reasons. This migration stream is strongly labor-motivated, as the high labor force participation rates of Eastern European workers show. For those countries that opened up their labor markets to A8 workers, workers can come and go as they choose – presumably timing their arrival to maximize the probability of finding employment. Similarly, A8 workers face no barriers

to returning to these countries in the future and the cost of travel in either direction is very small relative to wages. In addition, many A8 workers only intended to spend a limited period of time working abroad and may decide to cut this stay short if employment is not forthcoming—and many have done so; and many have been working abroad for only a short period, reducing the extent to which family or social ties will hold them there. Two further considerations are worth noting. First, social networks are highly important in A8 migrants' job search (in 2007, 36 per cent of Polish workers with a job in the UK, obtained it through someone they knew working with the same employer), and declining employment among this group is expected to reduce the availability of labor market information for immigrants to pass on to friends and relatives. Second, many A8 immigrants work in jobs that discount their education, credentials and experience while abroad. Since low-skilled jobs are cut in the greatest numbers during recessions, it may become relatively more worthwhile for such workers to return to their home country where they can work in a more skilled occupation.

In each of these cases, several unknowns will affect the immigrant's calculus. The most important is arguably the economic conditions in the origin country (especially the major sending country of Poland) and the extent to which the economies of sending countries move in tandem with those in developed host countries.

A more nuanced analysis of immigrants' sensitivity to downturns would also take into account the differential impact of a recession on various employment sectors. Failure in particular sectors may affect some flows more than others. For example the decline of the construction industry, which employed large numbers of Eastern European workers, should encourage return migration among this group, especially when the investments associated with the 2010 World Cup construction boom in Poland are taken into account. Cutbacks in financial services, on the other hand, may have less of an impact since the sector's workers are highly skilled with more potential to rely on self-employment or savings during the downturn.

Will the recession have long-term consequences for immigrant flows?

In the long-term, immigrant flows are likely to pick up once the recession ends and demand for immigrant labor increases once more. However, this is subject to three caveats. First, to the extent that the downturn is associated with inevitable economic restructuring (and the shift of jobs from declining to expanding industries), some types of immigrants might not return. Second, migrants' return may be delayed for a short time even when the economy recovers, because of the importance of social networks in the recruitment of migrant workers. Since many immigrant workers will have lost their jobs, less labor market information will be available to new immigrants seeking work in wealthier economies. Third, jobs typically lag broader economic recovery, thus extending the period during which immigrants will be detached from the host's labor market.

Concluding Thoughts

While the long run is marked by a great deal of uncertainty it seems that only a severe and protracted recession could have a substantial, long-term effect on migration

flows – perhaps by triggering protectionist immigration systems or inflicting serious damage on the potential of social networks to channel immigrants into jobs. If the downturn remains light or moderate, many of the factors that sent immigrants home during the downturn should reverse some time after economic conditions improve. And in all likelihood, regardless of the length (but not the depth) of the recession, factors such as continued labor market demand at both ends of the skills' continuum; demographic factors; international competitiveness considerations; and the ever-denser networks of immigrant communities themselves will ensure ongoing net immigration flows of variable but significant volume.

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