Rural Migration News

Blog 329

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World Bank: More Migration

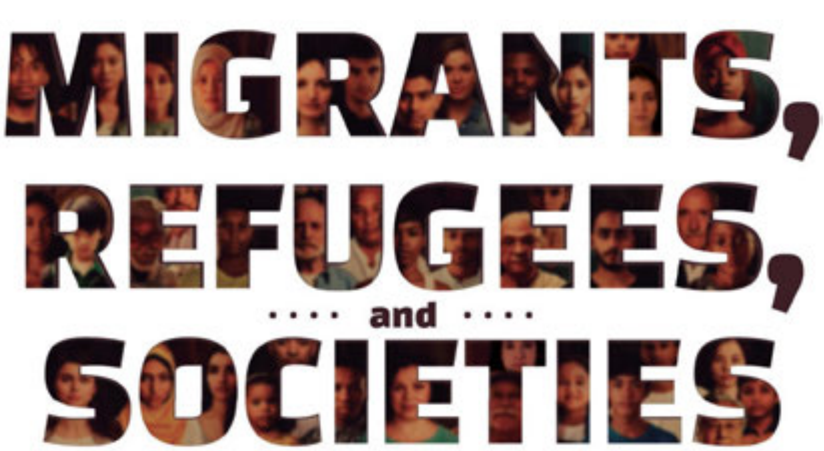
The World Bank's 2023 World Development Report estimated that almost 300 million people were international migrants in 2023, including 260 million or 85 percent who were in the labor force of their host country. The foreign-born share of residents in high-income countries almost tripled from five percent in 1960 to 15 percent in 2020.

The WDR focused on the 184 million non-citizens of host countries rather than the 100 million+ naturalized citizens living outside their country of birth. Since foreigners in high-income countries are most likely to naturalize, the WDR's focus on non-citizen migrants means that the WDR reports a higher share of migrants in low and middle-income countries.

Corridors

The WDR highlighted four migration corridors:
- the 130 million migrants who moved to high-income countries
- the 105 million migrants who moved from one developing country to another
- the 35 million refugees and asylum seekers and
- the 30 million migrants in GCC countries.

WDR 2023: Migration is Generally Good



The WDR reported that there were 40,000 potential migration corridors between the world's 200 countries. In 1970, some 150 corridors accounted for two-thirds of the world's international migration. Since then, migration flows have diversified, so that by 2020, the largest 150 migration corridors accounted for only half of the world's international migration.

The largest corridors for economic migrants in 2020 included Mexico, India, China, and the Philippines to the US and India to the UAE and Saudi Arabia. The main refugee corridors were Syria to Turkey, Venezuela to Colombia, and Ukraine to Poland.

Motives and Matches

The WDR opens with an excerpt from a Zoroastrian Parsi legend that involves residents who show arriving migrants a vessel of milk to demonstrate that the area could not support more people. The migrants add sugar to the milk, enriching local residents and their acceptance.

The WDR argues that more international migration is inevitable and aims to show that well-integrated migrants benefit themselves and both their countries of origin and destination. The WDR stresses the need to integrate migrants, and acknowledges the trade offs between the competing goods of welcoming and integrating migrants and enforcing removals and return migration to ensure that host country residents accept new comers and that sending countries benefit from migration.

The WDR's key messages are organized around migrant motives for crossing borders and how migrants match the needs of host countries. By putting match on the Y-axis and motive on the X-axis, a four-way matrix is created to distinguish between:

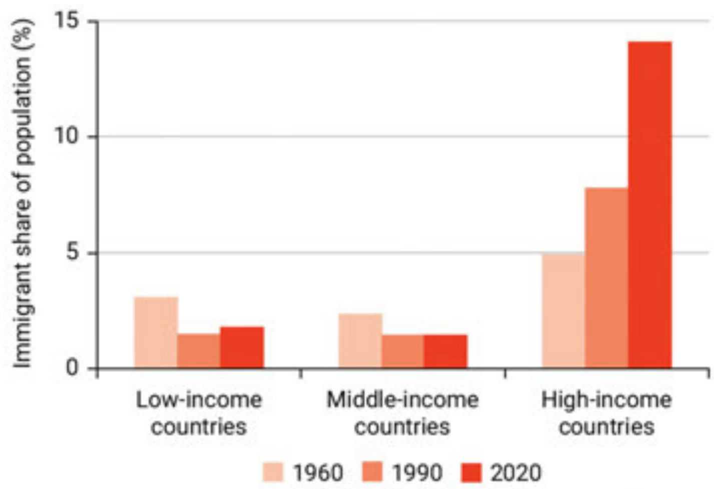
- Economic migrants whose skills match host country needs
- Economic (distressed) migrants whose skills do not match the needs of host countries
- Humanitarian migrants (refugees) whose skills match host country needs
- Humanitarian migrants (refugees) whose skills do not match the needs of host countries

The WDR argues that most economic migrants and refugees fall into the upper half of the match table where migrant benefits exceed migrant costs, and that this positive B/C ratio justifies host government investments to integrate migrants. The WDR urges host societies to avoid confusing the effects of migration with other factors that are transforming societies, including globalization, modernization, secularization, technological progress, shifts in gender roles and family structures, and the emergence of new norms and values.

The economic migrants and refugees whose costs are greater than the benefits they provide to host countries in the lower half of the matrix pose special challenges. The WDR argues that the costs of integrating refugees whose skills do not match host country needs should be shared by other countries, and that the number of distressed economic migrants can be reduced by promoting socioeconomic development in migrant-sending countries so that people do not feel compelled to migrate.

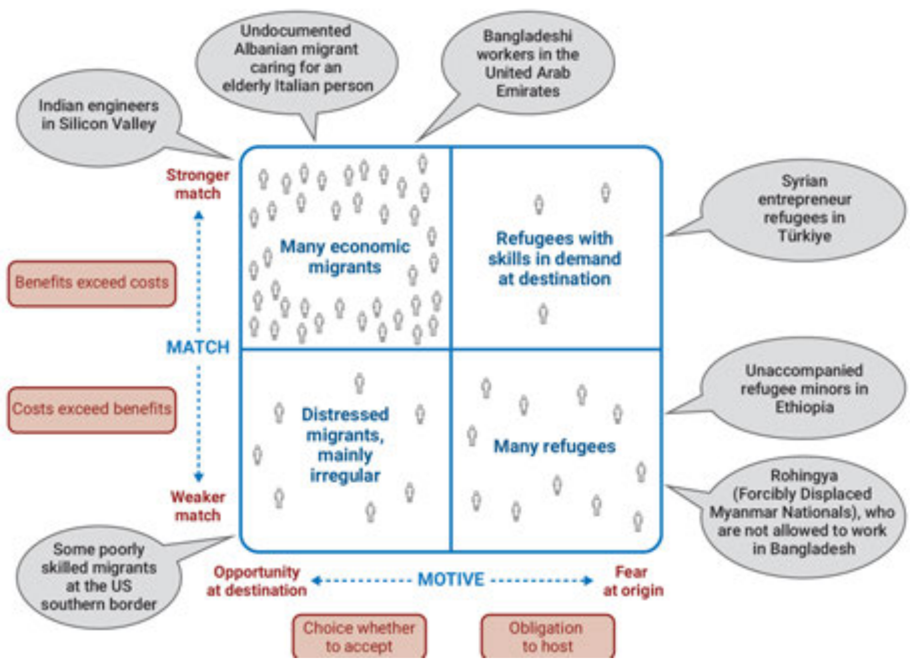
The report is organized into sections that explore the drivers or factors that encourage people to cross national borders, the impacts of migration, and national and global responses to migration.

The Foreign-Born Share of the Population in High Income Countries Tripled Since 1960



Match Refers to how Migrant Skills Relate to Host Country Labor Market Needs; Motive is Why People Cross National Borders

Figure O.3 "Match" determines the net gains of receiving migrants; "motive" determines their international protection needs

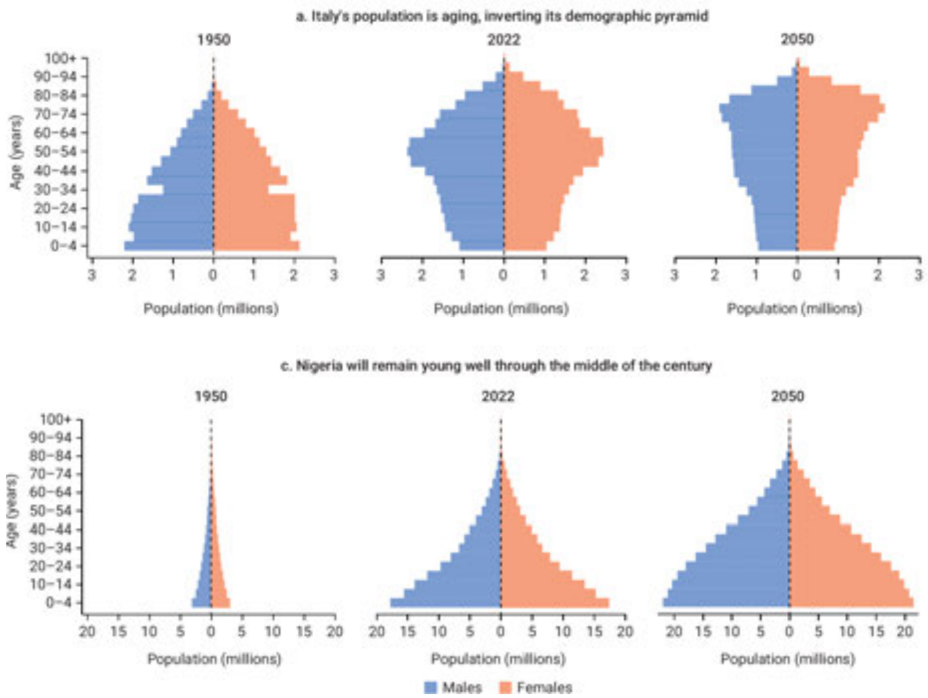


Drivers

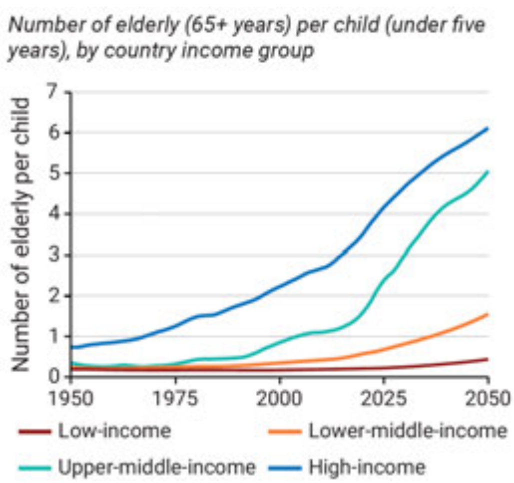
The major drivers of international migration are demographic and economic gaps between poorer and richer countries coupled with revolutions in communications, transportation, and rights that make it easier to learn about opportunities in other countries, move over borders to take advantage of them, and remain abroad. Conflict and climate change also encourage internal and international migration.

The demographic gap is the aging and shrinking of populations in rich countries and population growth in poor countries. Italy and Nigeria provide examples. Italy has two residents over 65 for each child under 15, and this ratio is expected to increase as Italy's population shrinks from the current 60 million to 55 million in 2050. Nigeria, on

Italy has 2 Children for Each 65+ Resident; Nigeria has 10 Children for Each 65+ Resident



High-Income Countries have 6 Residents who are 65+ for Each Child Under 5



the other hand, has 10 children under 15 for each person over 65, and its population of 220 million is expected to almost double to 400 million by 2050.

Another demographic measure is the ratio of 65+ residents to children under five. Aging populations and falling fertility mean that the number of 65+ residents exceeds the number of children under five globally, and the ratio of the elderly to young children is six to one in high-income countries. Only in low--income countries is the number of children under five greater than the number of 65+ residents.

The WDR emphasizes the migration hump, the fact that migration from middle to high income countries peaks when per capita income gaps are about one to five in purchasing power parity, as between Mexico and the US. When income gaps are narrower, there is little economic incentive to move, and when income gaps are larger, poor people often lack the resources to move.

Impacts

Most people do not migrate. Migrants differ from those who stay behind and from the people in places to which they move. Migration is generally a success story for people who move, since most migrants achieve the higher incomes and better opportunities they seek in destination countries.

Incomes for many migrants more than double in the countries to which they move, and may increase by 10 to 15 times for migrants from sub-Saharan Africa who move to the US.

Migrants incur costs to cross national borders, whether they move legally or rely on smugglers. One way to estimate migration costs is to determine the number of months that a migrant must work abroad to repay migration costs. Migration costs vary widely, and are higher for Bangladeshis and Pakistanis than for Indians and Filipinos, even when migrants are moving legally to the same countries.

The major reason for differences in worker-paid migration costs is the recruitment system in sending countries. Some governments prohibit or limit worker-paid migration costs, aiming to have foreign employers pay all costs. Other governments allow private recruiters, some of whom are members of Parliament or their relatives, to charge migrants, reasoning that migrants who “win the lottery” by obtaining a contract to work abroad for higher wages and do not pay taxes on their foreign earnings should share some of the windfall with well-connected recruiters.

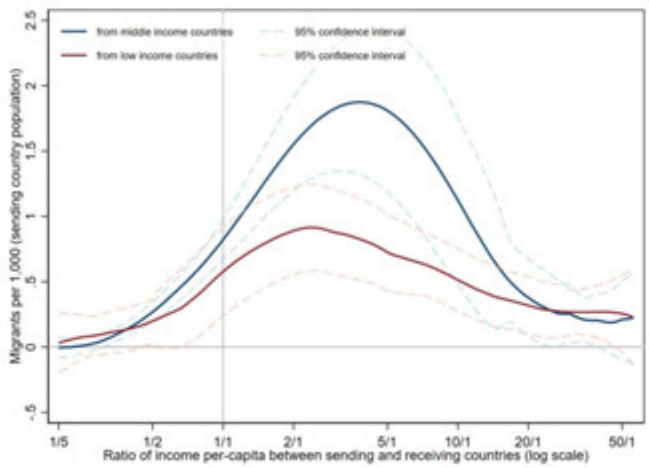
The WDR argues that most migrants have skills that complement workers in host countries, minimizing any negative effects of migrants on the wages or employment rates of local workers and justifying government investments to integrate migrants into host societies.

Economic theory predicts that the addition of migrants should have negative effects on local workers. Given a negatively sloped demand for labor curve, migrants shift the supply of labor curve to the right, so that wages fall from B to C, employment is higher at M, and the economy expands by the shaded triangle that measures the immigration surplus that accrues to owners of capital. Immigration increases employment, reduces wages, and increases profits or returns to capital.

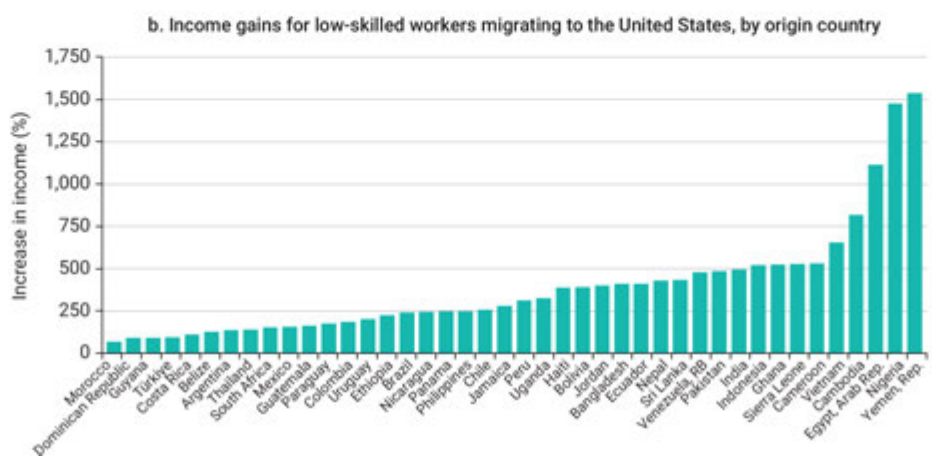
Studies of labor markets that attract migrants do not find higher unemployment rates or lower wages for local workers who are similar to migrants. There is much speculation about this no-negative-effects finding. Some economists argue that employers respond to the presence of migrants by using labor-intensive techniques that absorb the migrants. Others argue that the wages of local workers seem unaffected only because local workers who would compete with "hungry migrants" move out of the area or do not move to areas with migrants.

Three immigrant economists have played an outsized role in the US debate over the effects of migrant on US workers. Cuban-born George Borjas argues that economic theory is correct, viz, an influx of migrants has adverse effects on similar US workers. Canadian-born David Card studied the impacts of the Mariel boatlift in 1980 in Miami, whose labor force increased by seven percent in a short time, and compared labor market developments in Miami with cities that did not receive Cuban migrants, Tampa, Atlanta, Houston and Los Angeles.

The Migration Hump Suggests that Migration Peaks when Income Gaps are 1 to 5



Most Migrants to the U.S. have Higher Incomes then They Would have at Home



Card found that the unemployment rate of Black workers in Miami rose less between 1979 and 1985 than in the other four cities, leading him to conclude that "the Mariel influx appears to have had virtually no effect on the wages or unemployment rates of less-skilled [US] workers."

Borjas countered that flexible US labor markets made it hard to measure the effects of migrants in a particular local labor market. In 1994, there was another exit of Cubans to Florida in small boats. President Clinton responded by intercepting the boats and sending the Cuban migrants to Guantanamo. Even though few Cuban migrants reached Miami, the unemployment rate of Blacks rose between 1993 and 1995 and fell in the four comparison cities. Miami's demand for labor curves appear to be very different in 1980 and 1994.

Borjas grouped US workers into age and education cells, and argued that the effects of migrants could be seen within each cell, as migrants with less than a high-school education and little experience competed with similar US workers within a cell. The resulting 2003 paper argued that economic theory was right, that "The Labor Demand Curve Is Downward Sloping."

Italian-born Giovanni Peri used the same census data and cells but changed the assumptions. Within each age and experience cell, Peri assumed that migrants complemented US workers, as when a US laborer had a migrant helper. If migrants are complements, they help rather than hurt US workers.

In many developing countries, a few sectors generate most of the economic output but employ only a small share of the workforce, so that energy and mining, export agriculture, manufacturing in free-trade zones, and tourism may generate two thirds of private sector GDP but employ only a third of formal sector workers. Government jobs are often prized for their security and benefits, and workers who cannot find formal private or public sector jobs must often choose between informal jobs and emigration.

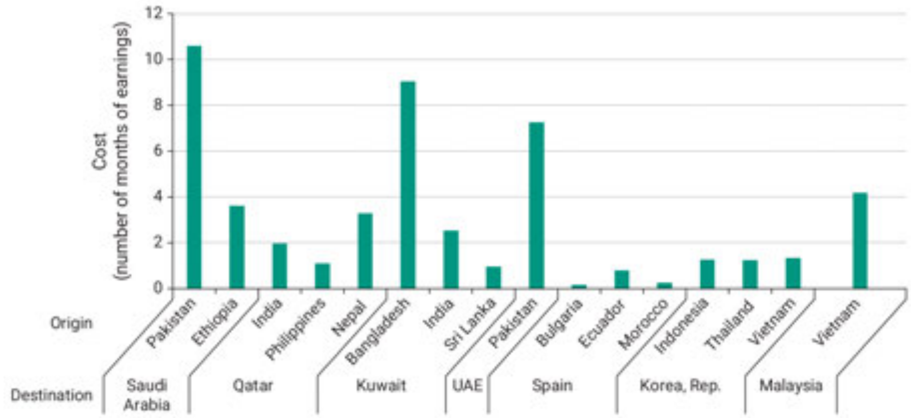
Migrants who leave a country are often among that country's best and brightest, the risk takers who seek opportunity abroad. The WDR calls on migrant-sending governments to acknowledge their citizens abroad and encourage them to send home remittances, transfer any knowledge and skills acquired abroad back home, and return to create businesses and jobs. Migrants from authoritarian countries may want political change at home, a development not addressed by the WDR.

Responses

The WDR cites demographic and economic gaps, few negative effects of migrants on local workers, and the risk-taking nature of migrants to argue that they should be welcomed in host countries. The WDR cites labor shortages, the need for payroll taxes to finance pay-as-you-go pension and health care systems, and the youth bulge in lower-income countries as reasons for rich countries to open more doors to migrants.

Migration Costs Vary Widely by Origin Country

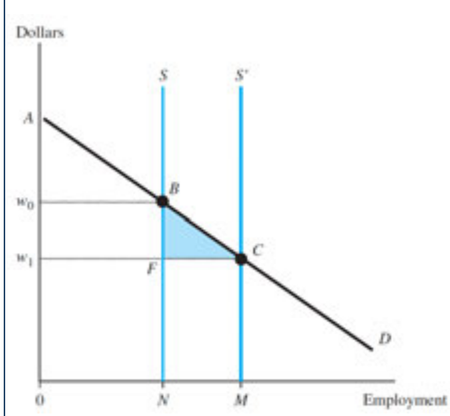
Figure 4.5 South Asian workers moving to Gulf Cooperation Council countries face some of the highest migration costs



The WDR Urges Host Governments to Admit and Integrate Migrant Workers

WHEN MIGRANTS' AND REFUGEES' SKILLS ARE IN DEMAND (STRONG MATCH)		
COUNTRY OF ORIGIN Manage migration for poverty reduction	COUNTRY OF DESTINATION Maximize benefits, reduce costs	BILATERAL COOPERATION Strengthen match
Strategy. Make emigration part of development strategies. ***Remittances.*** Leverage remittances for poverty reduction and reduce their costs. ***Knowledge.*** Work with the diaspora and returnees to spur knowledge transfers and to strengthen integration in the global economy. ***Skills development and brain drain mitigation.*** Expand education and training in skills that are in demand in both the national and global labor markets. ***Protection.*** Provide citizens abroad with protection. Support vulnerable family members left behind.	***Strategy.*** Acknowledge labor needs. Build a consensus on the role of migration. Ensure policy coherence. ***Entry and status.*** Incentivize stronger match immigration. Ensure migrants have a formal status and rights. ***Economic inclusion.*** Facilitate labor market inclusion. Enhance recognition of migrants' qualifications. Combat exploitation and promote decent work. ***Social inclusion.*** Prevent segregation and facilitate access to services. Combat discrimination. ***Support to nationals.*** Support citizens who are negatively affected in terms of employment outcomes and public services through social protection and public investments.	***Bilateral labor agreements.*** Structure and facilitate win-win movements. Reduce recruitment costs. ***Skills development.*** Partner to finance the development of skills that are in demand in both the national and global labor markets.

Economic Theory Predicts that Adding Migrants Reduces Wages While Increasing Employment



There are alternatives to migrants in rich countries including automation, higher labor force participation rates for women and older residents, higher fertility, and pension reforms, but the WDR asserts that such changes will not be sufficient to cover labor demand-supply gaps. The WDR puts most of the challenge of accepting and integrating migrants on host countries because "movements are mainly determined by the demands for skills in the labor markets of destination countries, historical and geographic links, and the costs of migration."

The WDR devotes chapters to refugees and "distressed migrants," often irregular migrants who lack the skills needed in host countries. The main message on refugees is burden sharing. Refugees are persons who need protection from their governments, many remain abroad for years and decades, and most are from developing countries and are hosted in nearby developing countries.

The WDR does not deal with debates over whether the definition of refugee created in the wake of WWII, which obliged governments to offer protection to persons who were persecuted by their own governments, should be modified in the 21st century. The problem vexing many countries today is asylum seekers, foreigners who enter a country and ask to be recognized as refugees in procedures that can last several years for initial decisions and appeals, after which governments find it difficult to remove rejected asylum seekers. European countries have very different recognition rates for Afghan asylum seekers, and remove few of those whose applications are rejected.

The WDR acknowledges the trade offs posed by asylum seeking and distressed migrants. The WDR admits that integrating these non-beneficial foreigners may be costly and could encourage more migrants to make dangerous journeys in search of economic opportunity. The WDR notes that migrants often turn to smugglers to help them to gain entrance to richer countries, and recommends a combination of more legal pathways and faster development to deter unwanted migration.

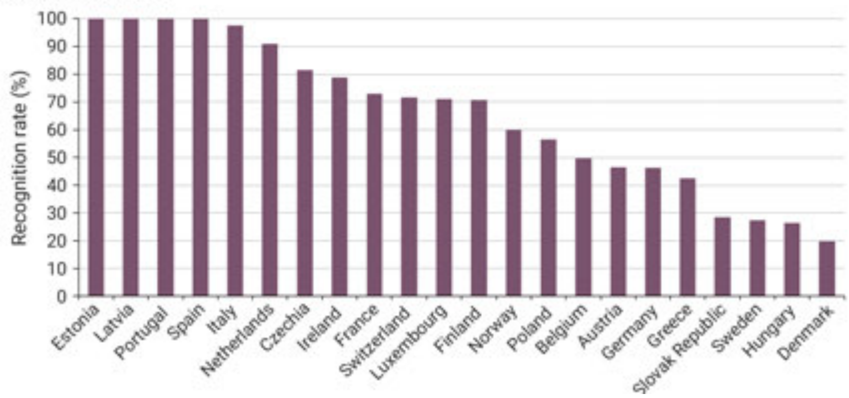
International migration is likely to increase as persisting demographic and economic gaps combine with short-term events ranging from conflicts to climate change to push and pull people over borders. The WDR urges governments to "maximize the development impacts of cross-border movements on both destination and origin countries and on migrants and refugees themselves." The WDR argues that this win-win outcome is most likely if richer countries open more channels to legal migrants and emigration countries train their citizens to fill jobs in richer host countries.

Migrants Seem to have Benefited Miami Blacks in 1980; Their Non-Arrival in 1994 Hurt Blacks

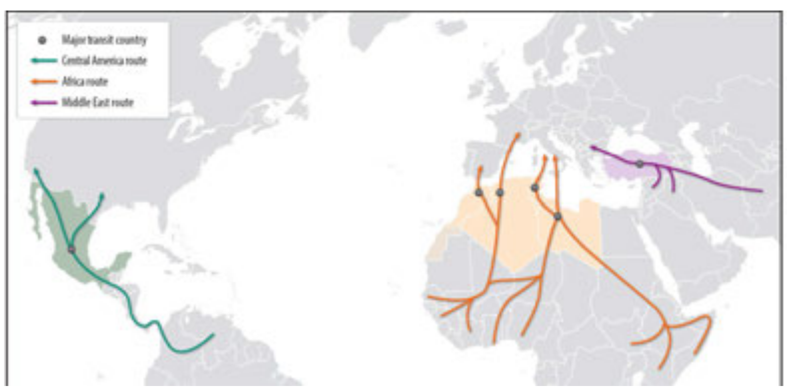
	The Mariel Flow		The Mariel Flow That Did Not Happen	
	Before	After	Before	After
Unemployment rate of blacks in				
Miami	8.3	9.6	10.1	13.7
Comparison cities	10.3	12.6	11.5	8.8
Difference-in-differences	**−1.0**		**+6.3**	

Recognition Rates for Afghan Asylum Seekers Range from 20% to 100% in Europe

Figure B8.2.1 Recognition rates for Afghan asylum-seekers varied greatly across EU countries in 2021



3 Major Routes for Migrants to Reach the U.S. and the EU



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