CHAPTER 5
INTERNATIONAL MIGRATION: A FORCE FOR EQUALITY, UNDER THE RIGHT CONDITIONS

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KEY MESSAGES

- Economic and social inequalities, as well as insecurity, influence the movement of people. Fundamentally, however, international migration is part of the development process.
- Whether migration helps to reduce inequality depends on the characteristics of sending and receiving countries and the conditions under which migration takes place.
- International migration stands a better chance of reducing inequality within and among countries and contributing to sustainable development when it takes places in a regular, orderly and safe fashion, when migrants can use their skills productively, and when remittances can be sent home at a low cost.
- With the right policies in place, lower-skilled workers and their families stand to gain the most from migration.
- Against a backdrop of growing interconnectedness, policy attempts at restricting or even trying to deter international migration are likely to be futile. Migration must be approached as an important dimension of the development process and governed accordingly.

INTRODUCTION

International migration is at an all-time high. In 2019, according to the United Nations, the number of international migrants worldwide reached an estimated 272 million – up from 174 million in 2000. Over half (about 56 per cent) of these migrants live in developed countries, where they make up about 12 per cent of the total population. Another 44 per cent reside in developing countries, where they account for about 2 per cent of the population. Almost three quarters of all migrants (73 per cent) come from developing countries (United Nations, 2019c).

International migration is a powerful expression of people's desire to improve their circumstances in a highly unequal world, whether in terms of wages, opportunities, safety or lifestyles. Millions of people move each year between countries and even continents for a variety of reasons, including to study, seek better job opportunities, marry, reunite with family members, retire or flee conflict or natural disasters. Some are forced to move to escape violence or natural disasters, but most choose to migrate to reduce what they see as gaps between their opportunities and those of people in other, usually wealthier, places. In one way or another, the desire for a better life is behind almost every migrant's unique story.

INTERNATIONAL MIGRATION IS A POWERFUL EXPRESSION OF PEOPLE'S DESIRE TO IMPROVE THEIR CIRCUMSTANCES IN A HIGHLY UNEQUAL WORLD

For the most part, this desire is fulfilled. Migrating involves risks and uncertainty but, in the long run, many migrants benefit from moving. They generally end up better off than people in their countries of origin in terms of employment opportunities, income, safety or overall well-being. But the opportunities generated by migration do not accrue only to those who move. The lives of millions of people and whole societies have been transformed, mostly for the better, through international migration.

Yet the costs and benefits of migration are not shared evenly by various population groups or by different countries. The 2030 Agenda highlights the role that migration can play in reducing inequality both within and among countries, as long as it is properly managed.[84] In order to contribute to a reduction in inequality, people who are disadvantaged must benefit more from the process than those who are better off, whether in terms of income, access to opportunities or political rights. Similarly, migration must bring net gains for low-income countries.

This chapter provides a review of the evidence on the relationship between international migration and inequality, focusing mainly on voluntary migration. The chapter shows that economic inequalities are just one of the many drivers of this megatrend. Differences in social, political and institutional frameworks matter as well, even for those who migrate voluntarily. Section 5.A assesses both the effect of inequality between countries on migration and the conditions under which migration can help reduce inequality. Section 5.B examines the impact of migration on inequality within countries. Section 5.C provides examples of policies that can enhance the potential of international migration to be an equalizing force.

[84] SDG Target 10.7 is to facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies.

A. International migration and inequality among countries

1. Migration as part of the development process

Whether to migrate is a decision taken by individuals and households. Their migration choices are influenced by the economic, social and political context at home and in other countries. However, such decisions also depend on specific circumstances, preferences and networks of potential migrants and are often based on imperfect information.

Early attempts at explaining migration flows focused on economic inequality between countries or regions as their main driver.[85] Income gaps are indeed considerable between countries of origin and destination along major migration corridors. Average per capita income in Central America was about $8,000 in 2018, for example, less than 15 per cent that of the United States, which is close to $63,000.[86] Turkey's income per capita, at just over $10,000, is about one fifth that of Germany's. Similar gaps are found between Algeria or Morocco and France; Ukraine and the Russian Federation; Mozambique or Zimbabwe and South Africa; Bangladesh or India and Saudi Arabia; Indonesia and Malaysia; and between other pairs of major origin and destination countries. Wage disparities, in particular, are strongly correlated with migration flows. A recent study suggests that, on average, a migrant is 10 per cent more likely to choose a specific country of destination if the mean annual wage is $2,000 higher in that country than in other possible destinations (World Bank, 2018c).

Considering that migration choices respond to a variety of incentives and constraints, economic inequality alone is insufficient to explain the movement of people across borders. Income inequality among countries has declined since the 1980s, yet the number of migrants has continued to grow. If migration only responded to income inequality, it would also be difficult to explain why migrants do not systematically choose the richest countries, why migration levels differ among countries at similar levels of income and growth, or why some migrants return to their countries of origin even when income differentials between origin and destination remain wide.

ECONOMIC INEQUALITY IS INSUFFICIENT TO EXPLAIN THE MOVEMENT OF PEOPLE ACROSS BORDERS

Models that simply account for economic disparities fail to capture broader differences in social, political and institutional frameworks. Conflict and violence continue to force people out of their countries – as do, increasingly, natural disasters. But even in the absence of conflict, the functioning of institutions is a key driver of international migration. An emerging empirical literature finds that factors such as corruption and poor governance or, conversely, the rule of law and respect for civil and political rights at points of origin and destination, may have a stronger impact on the desire to migrate than income differentials (see, for instance, Ashby, 2010; Baudassé, Bazilier and Issifou, 2018; Naghsh Nejad and Young, 2016). Social protection and labour market institutions matter as well. Comprehensive, well-functioning social protection

[85] See Lewis (1954) for a classic presentation.

[86] GNI per capita in current US$ using the World Bank Atlas method, available at: https://databank.worldbank.org/data/source/world-development-indicators.

systems contribute to migrants' desire to stay in their new homes – especially in a context where social protection benefits and rights are not always portable across countries (United Nations, 2018a).

The relationship between institutions and migration is multifaceted: limited civil and political rights in countries of origin can increase the costs of migration, especially if the right to emigrate is formally restricted (Vogler and Rotte, 2000). Similarly, high levels of corruption may result in liquidity and credit constraints and therefore prevent all but the wealthy from migrating. Discrimination can also act as a barrier to the emigration of women and members of ethnic minorities. Under apartheid, for instance, black South Africans were formally restricted from migrating, even internally.[87] Naghsh Nejad and Young (2014) highlight the influence of cultural norms and legal restrictions (such as difficulties obtaining a passport) to explain lower levels of emigration among women in countries where their rights are most restricted.

Demographic differences between countries have also been associated with migration. Rapid population growth can put pressure on social services and infrastructure and drive unemployment up. Even where fertility is declining, large cohorts of youth entering the labour force may compel some of them to search for jobs in other countries. Population ageing, together with the growing participation of women in the labour force, may create a demand for care jobs that is unfulfilled by the native workforce and therefore provide opportunities for migrants, especially those with less formal education or skills. Thus, any effect of demographic trends on migration is mainly indirect – mediated by labour market trends and access to services. It is ambiguous as well: the propensity to migrate is not higher in those countries with the highest population growth or greatest density (De Haas, 2010).

PROCESSES OF INDUSTRIALIZATION, URBANIZATION AND RAPID ECONOMIC GROWTH HAVE TRADITIONALLY INVOLVED MASSIVE MOVEMENTS OF PEOPLE FROM RURAL AREAS TO CITIES AND ABROAD

Attempts at explaining migration from poorer to richer countries must also consider the dynamics of development. Processes of industrialization and urbanization that are associated with economic growth have traditionally involved massive displacements of people from rural areas. While many rural residents move internally, to cities, some migrate to foreign countries at a time when their own countries are growing rapidly. As countries develop, levels of education rise and household incomes grow, more people are able to cover the costs of migration in what is known as the "migration transition" (Zelinski, 1971).[88] Improvements in education bring better access to information and higher aspirations. They strengthen the ability to migrate and increase the desire to do so, especially when local economies do not offer enough decent jobs.

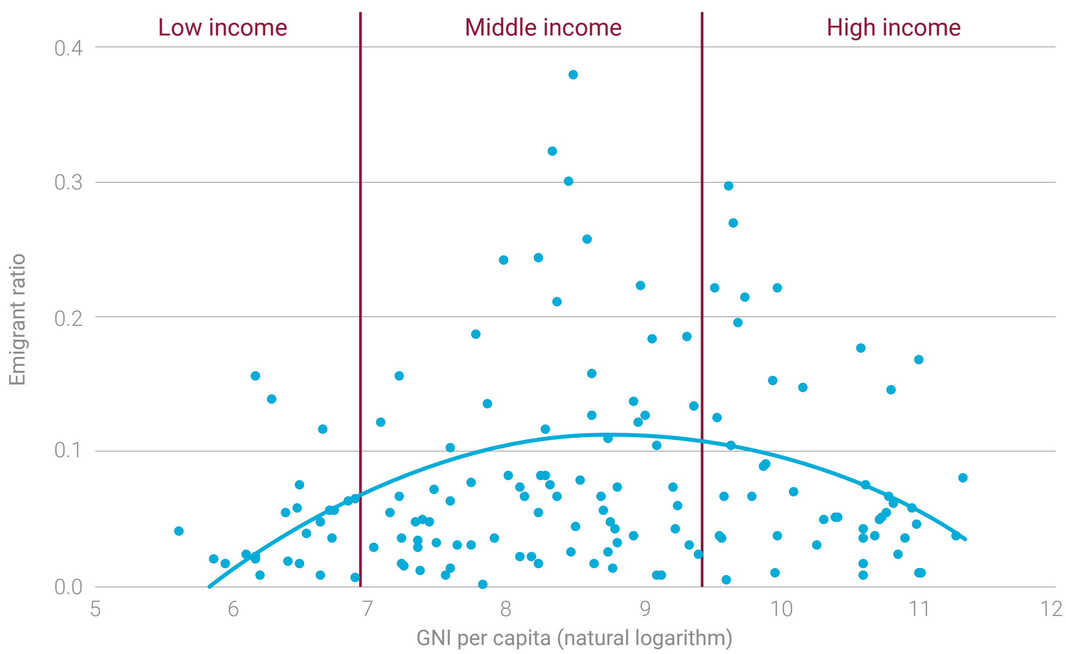
[87] Pass Laws, a form of internal passport, severely restricted movement among blacks in South Africa – making it difficult for them to migrate internationally as well. Pass Laws were abolished in 1986.

[88] While the original "migration transition" theory primarily linked migration trends to other demographic trends, the concept has been used broadly to refer to a patterned relationship between migration trends and economic and social change. De Haas (2010) questions the notion that the migration transition is a one-time event linked to traditional processes of development, noting that stagnation in one country relative to progress in other countries (that is, increasing economic or social inequalities) can create repeated cycles of emigration. Some scholars refer to "migration humps" rather than to a single migration transition (Martin and Taylor, 1996; Olesen, 2002).

As a result, middle-income countries send more migrants abroad than low-income countries. Figure 5.1 shows migration abroad (the "emigration ratio") by each country's income. Despite broad variation, the emigration ratio (the ratio of migrants from a particular country to the total population of that country) of middle-income countries is more than twice as large, on average, than that of low-income countries. The number of migrants abroad increases with national income per capita. It only declines with income among countries with relatively higher incomes per capita (about $8,000 or higher). Similar relationships are found using multidimensional indicators of development such as the Human Development Index (see annex figure A.5.1).[89]

While figure 5.1 shows emigration by country at one point in time, the pattern is observed across countries over time as well. Clemens and Postel (2018) show that most of the countries that have graduated from low- to middle-income status since 1960 have seen emigration rise. In their seminal work on the topic, Hatton and Williamson (1998) also described how, historically, European migration to North America usually increased as wages in origin and destination countries converged.

FIGURE 5.1
Migrants abroad by national income per capita, 2019



Sources: Based on Clemens and Postel (2018) and De Haas (2010), with calculations based on the International Migrant Stock: The 2019 Revision, available from www.un.org/en/development/desa/population/migration/data/estimates2/estimates19.asp; The 2019 Revision of World Population Prospects, available from https://population.un.org/wpp/; and World Development Indicators database of the World Bank, available from https://databank.worldbank.org/data/source/world-development-indicators. All accessed on 1 October 2019.

Notes:

1. The emigration ratio is obtained by dividing the number of migrants from a particular country by the total population of that country.
2. GNI per capita in current US$ using the World Bank Atlas method. The World Bank defines low-income countries as those with an income per capita of $1,025 or less in 2019 (6.93 or lower on a natural logarithm scale); middle-income countries are those with an income per capita between $1,026 and $12,375 (6.94 to 9.42 on a natural logarithm scale), and high-income countries as those with an income of $12,376 or higher.

[89] The Human Development Index combines indicators of health, education and income (see http://hdr.undp.org/en/content/human-development-index-hdi).

In sum, most evidence indicates that the relationship between development and migration is not linear: greater economic and social inequalities between countries do not necessarily lead to more migration. In general, emigration takes off once countries have started to grow economically and develop. Indeed, authors such as Clemens (2017) propose to approach the analysis of migration as a dimension of the development process.

The fact that migration and development go hand in hand does not imply that the migration process cannot be managed. It can be managed, without restricting or trying to deter human mobility, as described in section 5.C. As the United Nations Secretary-General has noted, "counterproductive policies aimed at restricting migration corrode the ability of States to (manage migration) and make migrants more vulnerable."[90] Similarly, policies aimed at addressing what are identified as the "root causes" of migration may in some cases encourage migration for the reasons just discussed – namely, the desire and ability to migrate may increase with development and growth (Parsons and Winters, 2014; De Haas, 2007; Clemens and Postel, 2018). While domestic policies and the international community should strive to create the conditions that allow people to remain in their country, policies should also help shape migration so as to maximize its benefits. In line with the 2030 Agenda's call to facilitate orderly, safe, regular and responsible migration, section 5.C discusses policies that will help harness the potential of this megatrend to promote development and reduce inequality among countries.

THE FACT THAT MIGRATION AND DEVELOPMENT GO HAND IN HAND DOES NOT IMPLY THAT THE MIGRATION PROCESS CANNOT BE MANAGED

2. The potential of migration to reduce inequality among countries

Solid evidence shows that migration raises global economic output, especially when workers move from poorer countries to countries where they are more productive and where wages are higher (Clemens, 2011; Clemens and Pritchett, 2019; World Bank, 2005; Biavaschi and others, 2016).[91] Whether migration reduces or increases inequality among countries, however, depends on how economic and other gains – including transfers of resources, knowledge, technology and attitudes – are distributed. An issue of concern is the loss of skilled workers in countries of origin in developing regions.

a. Migration of highly skilled workers

As of 2010, nearly one in six countries, including many in Africa and the Caribbean, saw more than 20 per cent of their population with tertiary education emigrate abroad (Kone and Özden, 2017). More than two thirds of these migrants go to just four developed countries – Australia, Canada, the United Kingdom and the United States (ibid.). Selective migration policies that promote the movement of highly skilled workers and raise barriers to the legal entry of less-skilled or educated migrants contribute to so-called "brain drain".

[90] A/72/643.

[91] Estimates based on different methodologies suggest that economic gains from modest increases in migration – equivalent to 3 per cent of developed countries' labour force, according to some estimates, or about 5 per cent of the population of developing countries, according to others – would range from billions to trillions of dollars (Clemens, 2011; World Bank, 2005). Clemens (2017) suggests that even allowing 1 in 20 current residents of low- and middle-income countries to work in the richest countries would raise global economic production by more than would be achieved by eliminating all remaining policy barriers to international trade and all remaining barriers to capital flows – combined.

IN SOME COUNTRIES, RETURNEES AND MEMBERS OF THE DIASPORA HAVE BEEN A DRIVING FORCE FOR THE GROWTH OF THE SOFTWARE INDUSTRY AND OTHER HIGH-TECH MANUFACTURING SECTORS

Countries of destination benefit from the influx of skills, as section 5.B describes. In countries of origin, the emigration of skilled workers may result in an immediate loss of tax revenue and can negatively affect economic growth. But it can also have positive feedback effects. Countries of origin may benefit from the return of migrants, for instance, if they bring back skills or capital that they would not have been able to acquire at home – provided they are able to invest or use their skills productively.

Even when countries are not successful at attracting skilled workers back home, migrants abroad can invest and generate flows of knowledge, information, foreign direct investment and trade to and from the home country. In China, India and the Republic of Korea, both returnees and members of the diaspora have been a driving force for the growth of the software industry and other high-tech manufacturing sectors. The diaspora has contributed to these countries' rapid growth and consequently to the reduction of inequality between them and high-income countries.

The effects of emigration are not limited to income and assets. The possibility of obtaining higher wages abroad may motivate people in sending countries to pursue higher education. Over time, gains in education prompted by the possibility of emigrating may offset the actual emigration of some of the highly educated – resulting in a "brain gain" (Beine, Docquier and Rapoport, 2008; Dustmann and Glitz, 2011). India, which has experienced the large-scale emigration of workers in information technologies, has been more than compensated for the outflow of skills and has even created a significant service export industry.

Emigration may result in shortages of professionals with key skills, such as teachers and health personnel. In some developing countries, more than 50 per cent of native doctors were working abroad in the mid-2000s (OECD, 2010a). Included among them are small island States in the Caribbean and the Pacific as well as several countries in sub-Saharan Africa (Angola, Liberia, Mozambique, Sierra Leone and the United Republic of Tanzania) (ibid.). Whether the emigration of health personnel has had a negative impact on health outcomes in low-income countries is a matter of debate. However, studies point out that many countries are ill-equipped to absorb newly trained doctors and nurses domestically. The availability of health personnel has little effect on health outcomes if health facilities are not adequate or the institutional framework is lacking (Clemens, 2007; Bhargava, Docquier, and Moullan, 2011). In African countries, only a small minority of highly trained health professionals work in primary health care and in those places where they are most needed, such as rural areas and slums (Clemens, 2007). Many work entirely outside of the health sector (ibid.). Even if all migrant health personnel were to return, additional policy measures would be needed to improve health outcomes.

In sum, whether the emigration of skilled workers constitutes a net gain or loss to the country of origin depends on the country. The voluminous literature on this topic fails to reach a clear conclusion. The effect of skilled migration on inequality among countries

BOX 5.1

The place premium

In general, workers who move earn higher wages than they would have earned in their countries of origin. Clemens, Montenegro and Pritchett (2008) found that, on average, the wages of migrant workers in the United States, adjusted for purchasing power, were four times higher than those of workers with identical characteristics in countries of origin in the mid-2000s. Workers with a secondary education or less could expect to earn between $10,000 and $15,000 in additional annual income by moving from a developing country to the United States (ibid.). An urban adult male born and educated in Peru, with nine years of education and working in the formal sector, for instance, earned an average of $1,714 per month in the United States in the mid-2000s, but only $452 (adjusted for purchasing power parity) in Peru. These large international differences in wages are sustained, in large part, by policy barriers to worker mobility (Clemens, Montenegro and Pritchett, 2016). Policy barriers to migration are, in effect, a major driver of wage discrimination – by preventing workers in poorer countries who are willing to migrate to richer countries from obtaining higher wages.

cannot be easily generalized. Inequality among low-income countries of origin and high-income countries (which are usually net receivers of highly skilled migrants) increases if gains of skills to destination countries are larger than gains in countries of origin.

b. Migration of less-skilled workers

Even though the migration of skilled workers brings particular challenges and opportunities, other types of migration affect inequality among countries through similar paths. In fact, less-skilled workers in low-income countries who move to high-income countries can see substantial increases in their income (see box 5.1). In general, they also remit a larger portion of their income to their home countries than highly skilled migrants, as discussed in section 5.B. Migrants abroad and those who return can also invest in their countries of origin, contribute to the transfer of technology and promote trade. Moreover, returnees and migrants abroad often act as agents of social or political change, contributing to the spread of democratic values. In countries with labour surpluses, emigration can also provide relief from unemployment and push wages upwards.

B. International migration and inequality within countries

The empirical evidence on whether migration helps to reduce inequality within sending and receiving countries is far from conclusive. Much depends on the characteristics of each country and on the conditions under which migration takes place. When migration is an act of desperation or where policies limit migrants' options, it is difficult for migrants to realize their full potential.

WHEN MIGRATION IS AN ACT OF DESPERATION OR WHERE POLICIES LIMIT MIGRANTS' OPTIONS, IT IS DIFFICULT FOR MIGRANTS TO REALIZE THEIR FULL POTENTIAL

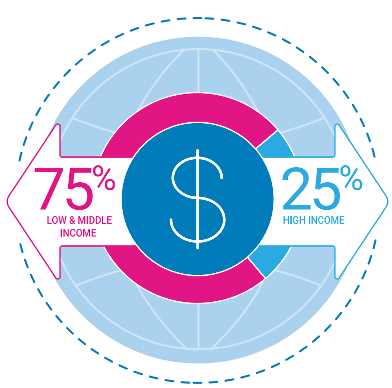
In countries of origin, much of its impact is felt through remittances and other transfers by migrant communities abroad. In both countries of origin and destination, the effect of migration is also felt through changes in wages and employment opportunities for different groups of workers. While migration may affect many dimensions of inequality, there are specific concerns regarding the effect of immigration on group-based inequality in countries of destination – that is, disparities between migrants and natives of such countries.

1. The impact of remittances on income distribution

While abroad, migrants typically transfer cash or goods to their home country. Given their magnitude, remittances have gained most attention from Governments in developing countries. Officially recorded remittances reached $689 billion in 2018 (World Bank, 2019a). More than three quarters of this amount ($529 billion) was received by low- and middle-income countries. Excluding China, remittances to these countries are significantly larger than official development assistance or foreign direct investment flows in 2018 (ibid.).

A large body of empirical literature has documented how remittances help to reduce the scale and severity of poverty.[92] Findings on the impact of remittances on income inequality within sending countries, however, are mixed. The amount of transfers to richer and to poorer households in the country of origin depends on how different groups remit and on who migrates. Richer and more educated migrants are less likely to remit than their less-wealthy counterparts (Faini, 2007). However, the absolute amount remitted increases with earnings. Bollard and others (2011) find that educated migrants living in select major-destination countries remit $300 more annually, on average, than their less-educated counterparts. Despite this difference, some country-specific studies suggest that transfers from abroad constitute a larger share of income in poorer households that receive them than in richer households (Koczan and Loyola, 2018; De and Ratha, 2012). Whether they help to reduce inequality in countries of origin depends on the composition of the migrant population abroad.

Contrary to popular perception, migrants do not necessarily come from the poorest households in their countries of origin. The costs of migration, liquidity constraints, limited access to information on conditions abroad and skill-selective immigration policies prevent people living in poverty from moving, especially across borders.



More than 75 per cent of recorded remittances go to low- and middle-income countries

[92] See, for instance, Adams and Page (2003); UNCTAD (2012); and McKenzie and Rapoport (2017).

BOX 5.2

Lending a helping hand: migrant networks

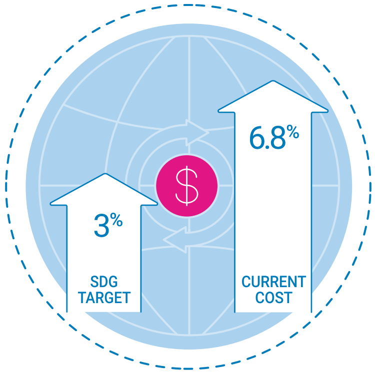
While migration can bring significant income gains, pioneering migrants often face considerable hurdles in the beginning. Difficulties in finding employment, for example, can be exacerbated by language barriers and inadequate knowledge of local customs. Over time, the continuing arrival of migrants from the same country or region results in the creation of networks between migrants and people in their country of origin. These networks can be a source of valuable information and even resources for would-be migrants. They reduce the risks of moving and the opportunity costs of migration by facilitating the transmission of knowledge about employment opportunities, earnings, housing, travel and training. Networks also help facilitate the settlement of new migrants, with lasting impacts.

Initially, these networks are disproportionately available to households from the middle or upper levels of the income distribution. At the outset, this can lead to greater income inequality in the country of origin if migrants send home remittances. As these networks grow, the social capital generated makes migration more accessible to low-income households.

Yet migrants' networks may or may not facilitate access to well-paying jobs. Informal social networks connect those looking for employment with employers quickly, but the employment found may be beneath migrants' abilities in terms of skills and qualifications. This wasted potential ("brain waste") can have negative social and economic consequences in the long term. It can lead to migrants being trapped in particular fields of low-skilled employment or ethnic enclaves (United Nations, 2016a; Filiz and Asad, 2015; Sumption, 2009). In general, there is a significant wage premium to being hired through formal recruitment mechanisms and a penalty when recruited through informal networks (Chen, Wang and Zhang, 2017, Sumption, 2009; Mosca and Pastore, 2008).

As a result of these constraints, migrants may initially come from relatively well-off households. As migrant networks expand and information on opportunities abroad spreads, the propensity to migrate may increase among lower-income households (see box 5.2). Thus, remittances may push inequality upwards at first and contribute to its reduction once more people emigrate. In practice, however, policies of destination countries that restrict the migration of less-skilled workers may stave off the potential inequality-reducing effect of remittances.

Taking Mexico as an example, those households that received remittances in the 1990s – 4 per cent of all households – were mainly from the middle of the income distribution. Remittances represented 30 to 40 per cent of the total income of households that received them (Koczan and Loyola, 2018). Over time, as the percentage of remittance-receiving households grew, households at the lower end of the income distribution were more likely than others to receive remittances. By 2014, remittances constituted a greater share of income among households in the poorest 40 per cent of the population than among wealthier households. This shift of remittance receipts over time has contributed to reductions in poverty and inequality (Koczan and Loyola, 2018;



The global average transaction cost of sending remittances is 6.8 per cent, more than double the SDG target of 3 per cent

McKenzie and Rapoport, 2007). The pro-poor pattern of remittances was even stronger during the 2008 financial and economic crisis, helping cushion the effect of this shock on poverty and inequality.

In addition to affecting income inequality directly, remittances have spillover effects. They allow increased spending or investment by recipient households in goods or services produced by other community members. Even when used for consumption, remittances generate demand and therefore have a positive impact on local employment and economic growth. Whether the benefits of growth go mostly to people living in poverty or to those who are wealthier depends on the country and the community. In general, job growth has an inequality-reducing effect, since poorer households suffer disproportionately from unemployment and underemployment. In addition, remittances enable households at the lower end of the income distribution to invest in education or in assets that increase their productivity, thereby pushing inequality downwards (Rapoport and Docquier, 2006; Ratha, 2007).

While households at the lower end of the income distribution have the most to gain from remittances, high transaction costs affect how much they actually receive. Target 10.c of the SDGs calls for reducing the transaction costs of remittances to less than 3 per cent and for eliminating remittance corridors with costs higher than 5 per cent by 2030. As of the second quarter of 2019, the global average transaction cost of sending remittances was 6.8 per cent, more than double the 3 per cent target (World Bank, 2019b). Remittance costs across many African corridors and small islands in the Pacific remain above 10 per cent (ibid.). Achieving SDG target 10.c could contribute to reducing inequality within remittance-receiving countries.

WHILE POORER HOUSEHOLDS HAVE THE MOST TO GAIN FROM REMITTANCES, HIGH TRANSACTION COSTS AFFECT HOW MUCH THEY ACTUALLY RECEIVE

2. Migrants and the functioning of labour markets

Migration affects the supply and demand of labour and therefore may lead to changes in wages and employment. The distributional impacts of migration depend on the relative position of migrants in the labour markets of origin and destination countries.

a. In countries of destination

In countries of destination, the effects of immigration on the labour market are at the core of often rancorous public debate. In fact, the extensive empirical evidence available indicates that immigration has a weak impact overall on average wages and employment (National Academies of Sciences, Engineering and Medicine, 2017; Docquier, Ozden and Peri, 2014; Bauer, Flake and Sinning, 2013; Castelletti, Dayton-Johnson and Melguizo, 2010). While immigration increases the supply of labour, it also adds to consumer demand for goods and services and therefore pushes employment demand upwards.

However, immigration may increase competition for certain jobs and can therefore affect the wages of specific groups of workers. In countries and regions where migrants cluster in low-skilled jobs, immigration can depress the wages of less-skilled workers and lead to an increase in income inequality. The empirical evidence available in developed countries suggests that the negative effect of immigration on the wages of native workers with low levels of education is moderate. In the United Kingdom, for example, immigration led to a 0.2 to 0.8 per cent decline in the bottom 10 per cent of wages between the 1990s and the mid- to late-2010s (Dustmann, Frattini and Preston, 2013; Migration Advisory Committee, 2018). Studies conducted in the United States indicate that, even in areas with high proportions of lower-skilled migrants, any negative effects practically disappear over the long term.[93]

Concerns over the negative effects of immigration on wages are based on the belief that all migrants compete directly with native workers. While some of them do in certain countries and occupations, many migrant workers complement the native labour force or compete with only some native workers, even at the same skill level. Less-skilled migrant workers, for instance, often accept jobs that the native labour force is not performing – often because native workers have access to better paid or less onerous jobs. In developed countries, many manual jobs – namely in agriculture and construction – and various jobs in the services sector – childcare and domestic work, in particular – are no longer wanted by native workers at the existing wage. By offering skills that are in short supply and services that natives are not willing to provide, international migrants can contribute to the smooth functioning of the labour market.

WHILE SOME MIGRANT WORKERS COMPETE DIRECTLY WITH NATIVES, MANY COMPLEMENT THE LOCAL LABOUR FORCE

The inflow of highly skilled migrants brings improvements in productivity as well, mainly through its role in promoting innovation (National Academies of Sciences, Engineering and Medicine, 2017). Gains to the receiving country are larger when migrants of all skill levels use their entrepreneurial expertise to set up new businesses and create new jobs. In developed countries, foreigners are more likely than nationals to establish their own businesses (OECD, 2010b; Docquier, Özden and Peri, 2014). The benefits of migration are also larger if migrants can use their skills productively. In some cases, highly skilled migrants are unemployed or work in unskilled jobs.

[93] See National Academies of Sciences, Engineering and Medicine (2017) for a comprehensive summary of findings.

In general, highly skilled native workers benefit from the presence of immigrants. A majority of studies find that immigration has a positive effect on the wages and employment of highly skilled native workers (National Academies of Sciences, Engineering and Medicine, 2017; Migration Advisory Committee, 2018; Card, 2009).

In sum, immigration can increase wage inequality, especially if less-skilled immigrants compete directly with native workers. At the same time, the presence of migrants may stimulate productivity and "grease the wheels" of the labour market, thereby affecting employment positively. Policy-wise, an important question is whether migrants cluster in specific low-wage jobs because native workers no longer want those jobs or, rather, since wages remain low for certain jobs because they are often performed by migrants. Martin (2016) notes that, in agriculture, the presence of migrants lowers wage growth. It also slows down capital investments, including in machinery.

b. In countries of origin

In origin countries in developing regions, emigration can cause a loss of skilled workers, as discussed in section 5.A. Because migration is often very selective, declines in the relative supply of highly skilled workers can contribute to widening the wage gap between highly skilled and other workers and therefore push inequality upwards. Wage inequality may rise even where the emigration of workers in the middle of the skill distribution is prevalent. For example, Aydemir and Borjas (2007) find that, in Mexico, emigration rates were highest among men with "middle" levels of education (that is, they completed secondary education) between 1980 and 2000. International migration pushed the relative wage of workers in the "middle" upwards and, as a result, widened the gap between the wages of these workers and those of workers with low levels of education.

In many countries, however, highly skilled workers lack opportunities to use their skills productively. The emigration of skilled workers should have little effect on wages if they are unemployed or underemployed in their country of origin. Furthermore, the presence of migrants abroad and their eventual return can also stimulate the transfer of technology and capital. Where these transfers improve productivity and generate employment, they may help to reduce inequality.

3. Group-based inequality and the immigrant experience

While migrants generally benefit from moving, they are worse off than their native peers in countries of destination. As a result, the influx of migrants has pushed group-based inequality ("horizontal inequality") upwards.

In the labour markets of developed countries, international migrants work more often in informal jobs, receive lower wages and endure worse working conditions than natives (United Nations, 2016a and 2018b). Their jobs are generally more unstable and, as a result, immigrants are more often unemployed than natives. In the European Union, for instance, the unemployment rate in 2017 was 6.9 per cent for the native-born population and 13.3 per cent for migrants born outside the European Union.[94] Migrant status carries a wage penalty as well. In the United States, the earnings of Hispanic, first-generation immigrants were more than 50 per cent lower than those of white natives from 2003 to 2013 (National Academies of Sciences, Engineering and Medicine, 2015).

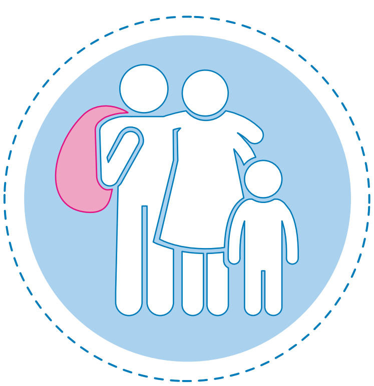
Assessing the situation of migrants in developing countries is particularly challenging due to the prevalence of irregular migration. What evidence does exist shows that migrants from other developing countries are overrepresented in the informal sector. In South Africa, the proportion of migrants working in informal and precarious jobs is twice that of natives (Fauvelle-Aymar, 2014). In countries of the Gulf Cooperation Council, international migrants are accepted under temporary guest programmes and have no avenues to permanent residency. Their temporary visas grant them few rights and have often resulted in abusive practices by employers, including confiscation of passports.

IN THE LABOUR MARKETS OF DEVELOPED COUNTRIES, INTERNATIONAL MIGRANTS WORK MORE OFTEN IN INFORMAL JOBS, RECEIVE LOWER WAGES AND ENDURE WORSE WORKING CONDITIONS THAN NATIVES

As a result of their labour market situation, migrants are at high risk of poverty. In OECD countries, immigrants are twice as likely as natives to live in households that fall within the poorest income decile and below the national poverty threshold, even at comparable levels of education (OECD, 2015b). Disparities in working poverty are even greater among highly educated workers. In the European Union, highly educated migrants who have jobs are three times more likely than their native counterparts to be poor (ibid.). Low proficiency in the country's language and lack of country-specific labour market experience has a strong effect on their employment prospects.

The disadvantages that migrants face affect their children's opportunities as well. As shown in chapter 1, the educational achievement gap between students with an immigrant background and non-immigrants is significant in OECD countries, even when controlling for their families' socioeconomic status (OECD, 2019a). The concentration of children with immigrant parents in disadvantaged schools has a negative impact on these children, as does widespread discrimination, lack of income security and the undocumented status of some parents.

To be clear, migration need not result in disadvantage or be a source of division within countries. Policy measures to uphold the rights of migrants, provide access to basic services, address discrimination and promote the social integration of migrants can



In OECD countries, immigrants are twice as likely as natives to live in households which fall within the poorest income decile and below the national poverty threshold

[94] Migrant integration statistics – labour market indicators. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php/Migrant_integration_statistics_%E2%80%93_labour_market_indicators#Unemployment.

shape the degree to which migration is associated with inequality in destination countries. Access to education and the labour market, along with recognition of qualifications acquired abroad, can also protect migrants against disadvantage and exclusion.

Migration is also linked to group-based inequality in countries of origin. Examples in section 5.A illustrate that discrimination may curtail the ability of certain groups to migrate. At the same time, migration can be a way to escape prejudice and discrimination. The 1951 United Nations Convention relating to the Status of Refugees recognizes the fear of being persecuted for reasons of race, religion, nationality, membership in a particular social group or political opinion as grounds for eligibility for asylum and refugee status.[95] Members of persecuted minorities may be forced to move abroad to gain political and social or economic rights or simply to seek safety.

Migration may also affect the status of disadvantaged groups in countries of origin. While abroad, some migrants engage in political activities that affect institutions in their home countries. Even in the absence of active political engagement, behaviours may change in response to ideas from abroad. Those who stay behind are exposed to new values and norms, be it through contacts with returning migrants and relatives abroad or through diaspora networks. Social movements that have promoted the empowerment and equal treatment of disadvantaged groups have often been influenced and even supported by members of the diaspora (Mullings, 2009). For women, exposure to new values may mean emancipation from traditional roles. The departure of men from the household can also foster women's empowerment (see box 5.3).

C. Maximizing the potential of international migration

The positive effects of migration are far from guaranteed. To a large extent, how much low-income countries –and migrants, themselves – benefit from emigration depends on economic, social, cultural and political contexts as well as the conditions under which migration takes place.

THE MAIN OBSTACLES TO MIGRANTS MAXIMIZING THEIR ECONOMIC AND SOCIAL CONTRIBUTIONS ARE RESTRICTIVE OR INEFFECTUAL POLICIES

Policy plays an important role in shaping these conditions. As the United Nations Secretary-General has recognized, the main obstacles to migrants maximizing their economic and social contributions are restrictive or ineffectual policies, laws and employment customs.[96] While policies alone cannot ensure that migration will contribute to reducing inequalities between or within countries, they should not support the maintenance of global inequities.

In many rich destination countries, immigration policies are highly selective. They facilitate the admission of skilled migrants while providing few pathways for the legal entry of less-skilled migrants. Yet less-educated migrants from low-income countries are likely to gain the most, relatively, from working in middle- or high-income countries.

[95] United Nations, Treaty Series, vol. 189, p. 137, Article 1.
[96] A/72/643, para. 23.

BOX 5.3

The women that stay behind

Women account for almost half – 47.9 per cent – of all international migrants worldwide (United Nations, 2019c). Much of the discussion on international migration focuses on migrant men and women in countries of destination. Relatively less attention is given to the impact of migration on those who remain behind. Emigration can have implications for the division of labour. It can also change power dynamics within families in countries of origin. Male emigration, in particular, creates opportunities for women's employment (Ferrant and Tuccio, 2015).

The number of female-headed households is increasing globally, in part due to male out-migration. Women in such households have greater decision-making power at home and in the community. Greater autonomy for many women, including control of remittances and decision-making power over how they are spent, has been tied to improved self-esteem and elevated social status (World Bank, 2016c; Torres and Carte, 2016). However, increased autonomy does not always lead to empowerment. Additionally, women living without a spouse or partner have more responsibilities, including, frequently, labour-intensive agricultural work.

A shared concern of women acting as heads of households in traditional settings is judgement by their communities and the fear of exclusion. Women in this situation are compelled to balance the need for income and managing the household with maintaining their traditional role as caregivers for co-resident family members. Even when the number of female-headed households increases, their acceptance in certain settings may take generations (De Haas and van Rooij; 2010).

Households with the resources to hire workers can reduce the additional burden on women who stay behind. Women in less well-off households must usually manage the additional workload themselves or with their children, especially when remittances are not forthcoming. Women can be compelled to undertake insecure, poor-quality jobs or activities to try to earn additional income.

Migration also impacts family dynamics, gender roles, class and identity. Men and women who migrate bring home new values and ideas when they travel to countries with greater gender equality and democratic practices. For example, migration from countries in Northern Africa to Europe has played a role in reducing family size, increasing education and the participation of women in the labour market as well as in raising the average age of marriage in countries of origin (De Haas and Van Rooij, 2010). In Morocco, for instance, attitudes among migrant families contributed to the acceptance of nuclear families and the postponement of marriage for young women (De Haas and Van Rooij, 2010). In Nepal, women returning home from Western Asia took employment in male-dominated industries, postponed marriage and purchased land in rural areas where women rarely own property (UN Women, 2019, citing Gioli, Maharajan and Gurun 2017).

Even in the absence of legal channels, people compelled by poverty, insecurity or lack of work will seek opportunities abroad – entering, residing and often working in the destination country in an irregular manner. Doing so puts migrants at risk, contributes to their exploitation and hampers their potential contributions. On average, migrants in an irregular situation work more often in informal jobs, endure worse working conditions and earn less than migrants with legal status (Borjas, 2017; Hall, Greenman and Farkas, 2010). Almost 25 per cent of all victims of forced labour are international migrants (ILO, 2017b).

Enhancing legal pathways for the migration of less-educated workers would provide a more solid basis for migrants to make positive contributions to their countries of origin and destination.[97] By adopting the Global Compact for Safe, Orderly and Regular Migration, the General Assembly committed to enhancing the availability of pathways for regular migration.[98] In most countries, there is a demand for labour that native workers cannot or are not willing to provide. Offering options for regular migration at all skill levels would help meet labour market demands, reduce irregular migration and promote the integration of migrants, allowing them to fulfil their potential.

Strengthening pathways for legal migration is necessary but insufficient to promote the inclusion and integration of migrants in countries of destination. Typically, institutional frameworks and social policies related to health, education, housing, employment and social protection matter more than targeted migrant integration policies. Equity in access to basic services, particularly health and education, is not only critical for the integration of migrants and their families, but has positive effects for societies at large. Similarly, allowing all migrants to work is vital to promote income security and social inclusion. These institutional measures can only be effective if discrimination and xenophobia are addressed in a meaningful way. That said, xenophobic political narratives are on the rise. Too often, media outlets promote disinformation and incite discrimination rather than fostering tolerance and supporting evidence-based public discourse.

The potential contributions of migrants are also limited by the fact that educational credentials are often undervalued in countries of destination. In the European Union, for example, over one third of all migrants are overqualified for their jobs (OECD, 2015b). Highly educated migrants with jobs are three times more likely than their native-born counterparts to live in poverty (ibid.). An increasing number of countries are establishing mechanisms for the assessment and recognition of qualifications earned abroad, but formal recognition does not necessarily translate into a fair assessment by employers (IOM, 2013).

POLICY MEASURES TO UPHOLD THE RIGHTS OF MIGRANTS AND ADDRESS DISCRIMINATION PROMOTE THEIR SOCIAL INTEGRATION AND HELP REDUCE GROUP-BASED INEQUALITY

In order to address the loss of skills in countries of origin and maximize "brain gain", the Global Compact includes a commitment to build global skills partnerships among countries. The goal is to "foster skills development of workers in countries of origin and migrants in countries of destination with a view of preparing trainees for employability in the labour markets of all participating countries."[99] Similarly, the 2030 Agenda calls for substantial increases in the recruitment, development, training and retention of the health workforce in developing countries (target 3.c of the SDGs). The creation of "skills partnerships" by which employers or Governments in destination countries may fund the training of experts in countries of origin to fill specific job gaps can help reduce the loss of skills. Some of the professionals trained may migrate to work abroad, but others are likely to stay in their countries of origin. Clemens (2015) gives examples of

[97] Some countries have recently opened legal migration pathways for less skilled migrants. Japan, for instance, approved a new scheme on 1 April 2019 to admit 345,000 foreign workers from nine developing countries over a period of five years (see www.nippon.com/en/in-depth/a06004/japan%E2%80%99s-historic-immigration-reform-a-work-in-progress.html).

[98] A/RES/73/195, 11 January 2019, Objective 5, Annex para. 21.

[99] A/RES/73/195, 11 January 2019, Objective 18, para 34.

nursing schools and training for construction workers in Western Asia and Northern Africa.[100] Such training partnerships allow destination countries to obtain the skills they need. They also enable countries of origin to strengthen their human capital and offer migrants the professional opportunities that migration can bring.

In addition to lifting people out of poverty, remittances can help stabilize national accounts, provide foreign currency to cover critical imports and support sovereign credit ratings. As a financial transfer from mostly high-income countries to middle- and low-income countries, remittances help reduce inequality among countries. However, financial and other barriers along many remittance corridors make sending money very costly, preventing families from reaping the full benefits of migration. Meeting the SDG target of reducing the transaction costs of migrant remittances to less than 3 per cent and eliminating remittance corridors with costs higher than 5 per cent by 2030 could significantly reduce inequalities both within and among countries.

Emigrants, or diaspora populations, have been recognized as development actors only recently.[101] Currently, many Governments in developing countries have offices and even ministries devoted to diaspora engagement. Although many of these institutions provide services to emigrants, most are focused on encouraging migrants to send remittances and invest them in the country (IOM and MPI, 2012; Garding, 2018). Greater gains may be realized over the long run by working with members of the diaspora to promote trade and help the country of origin gain access to global networks of knowledge. Diaspora entrepreneurs are best placed to recognize investment opportunities in their countries of origin and to take advantage of them. They can also play an important role in opening markets for tourism and trade. Facilitating circular migration between institutions and companies in countries of origin and destination may also help engage members of the diaspora. Supporting migrants' political participation in countries of origin can also promote their involvement.

The fact that social protection benefits and rights are rarely portable across countries is a key obstacle to the circulation and return of migrants – one that contributes to their lack of income security. Migrants may contribute to social security schemes in their countries of destination. However, if their social protection benefits are not portable, they may be unable to preserve or transfer pensions, health insurance and other benefits if they return home. The Global Compact calls for the establishment of mechanisms for the portability of social security entitlements and earned benefits.[102] Many developed countries have negotiated bilateral and multilateral agreements to ensure the adequate portability of entitlements, but many developing countries still lack any such agreements (United Nations, 2018a).

[100] See also OECD (2018e).

[101] Objective 19 of the Global Compact for Safe, Orderly and Regular Migration calls for the creation of "conditions for migrants and diasporas to fully contribute to sustainable development in all countries."

[102] A/RES/73/195, 11 January 2019, Objective 22.

D. Conclusions

International migration has a positive effect on global economic output and helps reduce poverty in countries of origin. The contribution of human mobility to sustainable development is well recognized, as is the role that migration plays in improving people's safety, security and access to opportunity. Its effect on inequality within and among countries largely depends on the conditions under which migration takes place. Migration stands a better chance of helping to reduce inequality when migrants of all skill levels are able to migrate through legal channels, use their skills productively and send remittances back to their home country at a low cost. With the right policies in place, lower-skilled workers and their families stand to gain the most from migration.

Against a backdrop of growing interconnectedness, policy attempts at restricting or even trying to deter international migration are likely to be futile. Migration must be approached as an important dimension of the development process and governed accordingly.

ANNEX 3

FIGURE A.5.1
Emigration ratio by the Human Development Index of migrants' countries of origin, 2019

Sources: Calculation of the emigration ratio based on the International Migrant Stock: The 2019 Revision, available from www.un.org/en/development/desa/population/migration/data/estimates2/estimates19.asp and The 2019 Revision of World Population Prospects, available from https://population.un.org/wpp/. The Human Development Index 2017 is available from: http://hdr.undp.org/en/data.
Note: The emigration ratio is obtained by dividing the number of migrants from a country by the total population of that country. The Human Development Index combines indicators of health, education and income.