KEY ISSUES SUGGESTED FOR THE UNITED NATIONS HIGH-LEVEL DIALOGUE ON INTERNATIONAL MIGRATION AND DEVELOPMENT

International Union for the Scientific Study of Population

The International Union for the Scientific Study of Population (IUSSP) is the international professional association of population specialists. As such, it promotes interdisciplinary research on population dynamics and their interrelations with economic and social development and human welfare.

With regard to international migration, the IUSSP's efforts, which started almost thirty years ago, have culminated in the advancement of several propositions that seem crucial for consideration of intergovernmental bodies and especially by the High-Level Dialogue that is scheduled to take place at the United Nations in 2006. These propositions are:

1. International migration does not stem from a lack of economic growth and development but from development itself;
2. International migration is often less influenced by conditions in labour markets than by those in other kinds of markets;
3. Immigration is a natural consequence of broader processes of social, political and economic integration across international borders;
4. Immigrants are generally responding to a strong and persistent demand that is built into the structure of post-industrial economies;
5. International migration tends to build its own infrastructure of support over time;
6. Migrants who enter a developed country for the first time generally do not intend to settle permanently;
7. As international migrants accumulate experience abroad, their motivations change, usually in ways that promote additional trips of longer duration, yielding a rising likelihood of settlement over time;
8. Immigrant flows do not last forever: they have a natural life that may be longer or shorter but is necessarily of limited duration.

We provide below some of the thinking on which these propositions are based so that it may serve as background for further debate on the issues and especially on the interrelations between international migration and development.

A. THE ECONOMIC FACTORS LEADING TO EMIGRATION

The scientific activities of IUSSP have contributed to build a new view of the factors leading to international migration. It is now generally accepted that migration decisions are made within households or families with the aim not only of maximizing expected income but also of minimizing risks and reducing the constraints imposed by a variety of market failures. Such market failures are particularly common in developing countries and include lack of crop insurance markets, futures markets or unemployment insurance. Lacking such back-ups, households attempt to minimize risks to their economic well-being by diversifying the allocation of family labour. In this context, sending certain family members to work in another country where wages and employment conditions are largely independent of economic conditions in the country of origin is a form of insurance against the deterioration of the latter.

A crucial factor in the international migration and development nexus is the impact of remittances. Research shows that remittances can allow households to obtain the capital needed to increase the productivity of assets in the community of origin. By generating remittances, migration fulfils a particularly important function in developing countries where capital markets are weak, many people do not have access to banking services, and families lacking adequate collateral find it virtually impossible to borrow at reasonable interest rates. The evidence available combined with adequate economic models at the micro-level shows that remittances increase productive investment in the areas of origin (e.g., greater use of machinery, land and hired labour) and promote the acquisition of income-producing assets (e.g., livestock, equipment and education). As a result, remittances can raise household income over time by more than the value of the remittances themselves.

It has been noticed that households send family members to work abroad not only to improve income in absolute terms but also to increase income relative to other households in a reference group. Thus, if in a community the income of affluent households increases whereas that of poor households remains unchanged, the relative deprivation of the latter increases and consequently their incentive to participate in international migration rises as well, even if no change in expected wages takes place.

These dynamics have important implications for the interrelations between international migration and development. They imply that migration can occur even in the absence of wage differentials between areas of origin and destination, since migration may be fueled by the desires of households in the place of origin to diversify risks. In addition, because there are strong incentives for households to engage in both international migration and local economic activities, an increase in the return to the latter may heighten the attractiveness of migration as a means of overcoming capital and risk constraints on investment in local activities. Therefore, successful economic development within areas of origin need not reduce pressures for international migration.

Furthermore, international migration will not necessarily stop once wage differentials between countries of origin and destination have been eliminated because, as long as other markets within countries of origin are non-existent, imperfect or inaccessible, incentives for migration may continue.

For these reasons, governments of countries of origin can influence migration not only through labour-market policies but also through those that shape insurance and capital markets. Moreover, government policies and economic changes that modify the income distribution will change the relative deprivation of some households and will thus affect the incentives to migrate. In particular, when poor households in areas of origin do not share equitably in the income gains of other households, their propensity to send some family members abroad will increase.

B. THE ECONOMIC FACTORS SUSTAINING MIGRATION TO INDUSTRIALIZED COUNTRIES

If economic conditions in countries of origin can promote international migration through the mechanisms detailed above, so can the conditions in countries of destination. Migration today is propelled by a permanent demand for foreign labour that is inherent to the economic structure of developed countries. Several factors contribute to create such structural demand for foreign workers. First, wages not only reflect conditions of supply and demand; they also confer status and prestige. Consequently, in order to preserve an established occupational hierarchy, employers seeking to attract unskilled workers for jobs at the bottom cannot simply raise wages because that wage increase would put pressure on wages at other levels. To avoid such pressures in times of labour scarcity, employers have strong incentives to seek a cheaper solution: the importation of foreign workers willing to work for low wages.

A second factor militating against the use of local workers to fill in jobs at the bottom of the occupational hierarchy relates to the motivational problems associated with jobs that provide few avenues for upward mobility. Employers prefer to rely on foreigners who see bottom-level jobs simply as a means to earn an income and who disregard status implications or the lack of upward mobility prospects.

Segmentation of the labour market also contributes to a structural dependence on foreign labour. A segmented marked includes a capital-intensive primary sector and a labour-intensive secondary sector. Workers in the primary sector usually hold stable, skilled jobs that allow them to accumulate human capital. In contrast, workers in the secondary sector generally hold unstable, unskilled jobs and may be laid off at any time with little or no cost to the employer. They thus become the means of adjustment during cyclical downturns. Native workers have no incentive to take the unstable jobs characterizing the secondary sector so foreigners flow in. In some countries, the recent but persistent erosion of working conditions in some primary sector occupations has been accompanied by the admission of more foreigners with the required skills who are willing to accept the lower pay now characterizing the jobs available. These trends are expected to persist, especially as other sources of labour for the secondary or low-productivity sector, such as teenagers, are in short supply because of declining cohort sizes and increasing years of schooling.

Studies have shown that the urban labour markets are segmented but, particularly in cities with large migrant populations, they appear to be divided into three sectors rather than two: a primary sector, a secondary sector and an ethnic enclave. The existence of ethnic enclaves facilitates the incorporation of migrants to the labour force and, although the jobs they initially get in the enclave pay low wages and lack prestige, the enclave provides greater opportunities for advancement than the secondary sector.

The demand for cheap labour generally arises in sectors, such as agriculture, that cannot rely on productivity increases to maintain profit levels. It is also linked to the overall shift of the economies of developed countries from a manufacturing to a service base, coupled with the downgrading of jobs in the manufacturing sector, especially in high-technology industries.

One crucial factor permitting the maintenance of a segmented labour market is access to foreign workers from low-income countries, especially those having a tentative migration status which effectively reduces their chances to compete fairly in the labour market.

C. The social infrastructure sustaining migration

Given the important role played by the family in migration, be it as a decision-making unit or as an institution providing the needed support for international mobility to become a reality, the family provides the basic element in the social infrastructure sustaining international migration. Family units may move simultaneously or in stages, with one family member relocating first and others following. The migration policies of countries of destination condition not only whether family migration can take place but also the manner in which it can occur. Studies show that migrants often rely on kin already established in the country of destination to obtain accommodation, find a job or secure financial and other types of support during an initial period of adaptation. That is, kinship ties between potential migrants in the country of origin and residents of the country of destination can reduce the costs of migration, lower the risks involved and increase the returns of migration.

The concept of a migration network, which encompasses all interpersonal ties that connect migrants, former migrants, and non-migrants in areas of origin and destination, provides a generalization of the kinship group since the ties considered include not only those based on kinship, but also those resulting from friendship or shared community origin. As the case of the ethnic enclaves mentioned above illustrates, by settling in a specific area, migrants from a particular origin can build a veritable community abroad and develop their own economic and social infrastructure.

Network connections can be considered as a form of social capital that people can draw upon to gain information as well as material or psychological support to facilitate migration and the adaptation process. Key elements of a migration network are the ties between migrants already established in the area of destination and persons remaining in the area of origin. Because of the assistance provided by the former to the latter, the costs and risks of migration decrease and the probability of further migration increases. Migrant networks contribute therefore to maintain the migration momentum even after the factors responsible for initiating the flow have lost their relevance. Furthermore, as the costs and risks of migration decline, the flow becomes less selective in socio-economic terms and migrants become more representative of the sending community as a whole.

Because of the efficient operation of migration networks, governments of countries of destination may have difficulty in controlling the size of migration flows, particularly when their migration policies reinforce the operation of networks by facilitating family reunification or the admission of new migrants on the basis of kinship ties with previous migrants. But the cohesiveness of migrant communities can also provide opportunities for promoting their continued involvement in the communities of origin and, as several countries are now doing, fostering formal support linkages between the communities abroad and those at home.

D. Trade, development and International Migration

An analysis of migration trends indicates that economically motivated emigration is more likely to occur in countries that have already reached a certain level of development and are advancing in the development path than in countries that are low in the development scale and continue to experience economic stagnation. As stated in the first principle presented in this paper, the development process itself is destabilizing and over the short run increases rather than reduces emigration pressures.

It has been argued that expanded trade between countries of emigration and their receiving counterparts is perhaps the single most important strategy to reduce migration pressures in the long-run. However, there are reasons to believe that trade liberalization may lead to increased migration and not the reverse. Thus, if migration is low because of liquidity constraints on the households of potential migrants, trade liberalization, by creating new employment in countries of origin, may provides families with the means of financing international migration and migration may thus increase. It is also possible that adjustment to trade reforms carries large economic costs because workers cannot move easily from one sector to another, leading to a rise in unemployment and higher pressures for emigration. Lastly, because agricultural production is typically very labour-intensive in developing countries, when that sector opens up to imports, a reduction of wages ensues and migration pressures increase. The trends observed in certain countries that have entered into free trade agreements during the 1990s provide some validation to these premises. The NAFTA agreement, for instance, has not reduced migration pressures in Mexico so far.

Although free trade and investment flows can accelerate economic growth among trading partners, the transition to freer trade in relatively closed economies can be disruptive, altering relative prices and thus wages, incomes and job opportunities. If migration networks already link the groups of persons adversely affected by those changes with persons living in the country that is the richer trade partner and if the economic sectors in which potential migrants could participate in that country are stimulated by freer trade, trade and migration are likely to be complements over the short run so that increased trade will probably be accompanied by increased migration. Over time, however, freer trade and investment should increase both income and job growth in the country of origin, thereby reducing migration pressures. The evidence suggests that when the ratio of wages between a country of destination and a country of origin fall to about 4 or 5 to 1, and economic growth in the country of origin seems stable and assured, economically-motivated migration drops dramatically. That is, research shows that freer trade and investment may work as a long-run policy to promote "stay-at-home" development, but it may not be a short-term means of reducing unwanted migration.