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IMMIGRATION, INTEGRATION AND RETURN MIGRATION*

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A. INTRODUCTION

Temporary migration was for long one of the most neglected areas of research on international migration, despite the fact that a large fraction of all emigration was followed by return migration. Studies on international labor migration have shown return rates of more than 50 percent, and some even up to 80 percent. Impressed by the absolute size of the phenomenon, not to mention its social, economic and cultural impacts, academics frequently noted the lack of knowledge and debate on the topic and called for more research.

However, since the beginning of the 1990s, the interest for issues related to return migration has grown considerably. Refugee crises, such as the one following the civil war in former Yugoslavia, led to a search for new models of refugee reception. The large influx of refugees in the mid-1990s coincided in several receiving countries with a situation of economic downturn; labor demand was low and the general view was that the prospects for integrating large numbers of immigrants were poor. In addition, attitudes towards asylum had, already before these refugee crises, started to become more restrictive, in part due to public concern about the difficulty of distinguishing political refugees from economic migrants.

Consequently, policy discussions changed direction from an emphasis on permanent residence rights for refugees towards a focus on temporary protection and repatriation, and the body of academic work on temporary migration has grown in the last ten years (see e.g. Black and Khoser, eds. 1999, Ghosh, ed. 2000, Klinthäll 2003, Long and Oxfeld, eds. 2004).

Ironically, the new interest for return migration issues emerged in a period when rates of return migration generally had gone down from high levels to relatively low levels. Return migration from western societies has decreased considerably over the last decades, primarily due to a change in the composition of immigrant populations. Labor migrants, who dominated immigration prior to the recruitment halt in the early 1970s, usually display high rates of return migration, whereas refugees, who have dominated immigration from the 1970s onwards, have displayed low rates of return migration. The main reason for the decline is apparently that refugees’ possibility to return is restricted, due the security situation in the home country.

More recently, there has also been a growing interest in labor migration. The potential of an increased migration by high-skilled labor in order to solve production bottlenecks is one reason, the enlargement of the European Union, which has involved both optimism and fear regarding the effects of labor migration from the new member states, is another. In addition, aging populations in post-industrial societies have raised questions about how to solve expected future labor shortages, and the possibility of solving this problem through recruitment of labor from abroad has been discussed.

The question is, however, to what extent can labor recruitment solve shortages that are due to the age structure of the population? Return migration by labor migrants has historically been on high levels, with generally more than half of the labor immigrants returning to their origin countries. This has been the case more or less irrespective of immigration regime in the host country. In the labor recruitment era in northern and western Europe, from the 1950s to the early 1970s, several immigration regimes were launched, with different guest worker systems in e.g. Germany, Switzerland and France, whereas Sweden and other countries choose a system of permanent residence rights. The experience is that rates of return migration did not differ as much as one would expect, given the institutional differences.

This paper deals with return migration, by refugee immigrants as well as labor migrants and retirees, and will address the topic with reference to Swedish experiences.
Figure I shows cumulative rates of return migration from Sweden for three different immigration cohorts, black lines for Nordic immigrants and gray lines for non-Nordic immigrants. Figure II shows GDP per capita for Denmark, Finland, Norway and Sweden in the period 1970-2000.

The figures show that rates of return migration to the Nordic countries have increased with time and immigration cohort, at the same time as the Swedish income level has decreased relative to the Nordic neighbors. In 1970, Sweden had the highest income level of all Nordic countries and immigration as well as return migration was on a relatively high level; within five years, 50 percent of the Nordic immigration cohort arriving in 1970 had returned. Since then, the relative income decline has resulted in decreasing immigration, but return migration rates have increased; it took four years for half of the 1980 Nordic immigration cohort to return, and only three years for the 1990 cohort. When it comes to return migration by non-Nordic immigrants, the pattern looks the opposite. Return migration rates were lower than for Nordic immigrants already in the early 1970s and when we come to the 1990s, only ten percent of the non-Nordic immigration cohort of 1990 had returned within five years.

The primary reason for the decline in return migration rates for non-Nordic immigrants is that this group has become increasingly dominated by refugee immigrants, with limited possibility of returning. The Nordic immigrants, on the other hand, move without restrictions. Nordic immigrants can be classified as economic migrants with a very high level of freedom of choice when it comes to migratory decisions, due to the common Nordic labor market. There are no restrictions on labor migration between the Nordic countries and, therefore, they can respond easily to changing economic circumstances.

The above example shows that political and institutional barriers to migration affect migrants’ possibilities to give migratory responses to economic change. However, such barriers also affect labor market outcomes for immigrants and, hence, the prospects for economic and social integration in the host country.

B. RETURN MIGRATION PLANNING AND LABOR MARKET BEHAVIOR

The conditions under which immigration takes place fundamentally affect possibilities for planning and decision-making. There are serious restrictions facing refugee migrants, which do not apply to, for instance, labor migrants. Therefore, economic theory has generally not been the choice of tool when analyzing the migratory behavior of refugees, since simple neoclassical theory rests on assumptions of freedom of choice and perfect information.

On the basis of the level of constraints to migration plans, labor market behavior, etc., (regular) immigrants can be categorized into four main groups. In the first group we find economic migrants with permanent residence rights and in the second group economic migrants with temporary residence rights. The third group consists of refugees with permanent residence rights and the fourth group of refugees with temporary residence permits.

The migrants in the first group face relatively few restrictions when it comes to migration planning and labor market related decision making. Decisions are characterized by a high degree of freedom and based on considerations of costs and benefits. Depending on whether immigration is viewed as temporary or permanent, migrants will have different planning horizons and thus, different incentives for host country-specific investments. Dustmann (1996a) argues that the earlier it is clear whether migration is temporary or permanent, the larger are the economic benefits.

Within the framework of “the new economics of labor migration” (e.g. Stark 1991), return migration is planned in the original migration decision. Migration is a strategy for individuals (or households) to
maximize total utility over the whole life-cycle. However, utility of consumption is affected by the environment in which consumption takes place, due to location-specific externalities (Hill 1987, Djajic and Milbourne 1988). Such externalities could for instance be the presence of friends and kin, a familiar social and cultural environment, language and climate. If these location-specific externalities make utility of consumption higher in the country of origin than in the country of destination, migration will be temporary. A high labor supply and a high rate of saving in the period spent abroad allow a high consumption level at home after return. Individuals or households who prefer consumption in the country of origin will benefit from a temporary migration strategy, as long as the higher utility of consumption at home compensates for the lower utility of consumption abroad. The optimal duration of stay depends on the size of the wage gap, the expected time left in the different phases of the life cycle and the size and nature of the externalities associated with consumption at home and abroad (Dustmann 1995, 1997, 2001).

Return migrants with a temporary migration strategy are, due to their savings target behavior, expected to be positively selected in terms of income (Stark 1991). Borjas and Bratsberg (1996) argue that return migration which is not planned, but due to misinformation about earnings abroad, will be selected according to the relative wage structure at home and abroad. Return migration from countries where the wage structure is more compressed than in the host country is expected to be positively selected, and vice versa. This kind of return migration is expected to take place relatively soon after immigration, when correct information is at hand.

Thus, there is a range of migration plans and return intentions, and these affect the economic market behavior of different labor immigrants. There are those who, at immigration already, had an intention to return after some time spent in the labor market abroad. In this group we will find target-saving behavior and a high propensity to return migrate. There are also immigrants who do not have an explicit plan to return; some may plan to stay permanently, whereas others are very mobile and may just adapt their migratory behavior to changing circumstances (“neo-classical migrants”).

Labor migrants with temporary residence permits, such as guestworkers on time-limited contracts, belong to the second group of the categorization suggested above. There may not be an option to stay in the host country beyond the expiration of the work contract; on the other hand, the time frame is clear, implying possibilities to make efficient decisions regarding work, housing, language investments, etc. However, this type of temporary migration has not historically turned out to be all that temporary; the general experience from guestworker systems is that it leads to permanent settlement for a large part of the guestworkers. The legal distinction between native citizens and foreigners in such systems generally implies that guestworkers are discriminated against, in the labor market as well as in the social security system (Catles and Miller 1998). Guestworkers who become permanent residents thus face long-term disadvantages and generations born in the host country run a high risk of inheriting these disadvantages.

Refugee immigrants who have been granted permanent residence permits belong to the third group. Just like labor migrants, they may view immigration either as permanent or as temporary. Joly (2002) suggests two main categories of refugee immigrants, based on their modes of settlement in the host country, which in turn depends on their positioning within the structure of conflict in the country of origin. ‘Rubicon’ refugees are oriented towards the host society and have a high tendency towards permanent settlement, whereas ‘Odyssean’ refugees, who are oriented towards their country of origin, are more likely to nurture a wish to return.

These two kinds of refugees differ in their possibilities to plan their life in exile. ‘Rubicon’ refugees are similar to permanent labor migrants in the sense that their planning horizon is single-phased. Permanent settlement implies possibilities to estimate the value of complementary education, language investments, etc., since the time frame is relatively clear. ‘Odyssean’ refugees, on the other hand, view
immigration as temporary and therefore, their planning horizon is double-phased. In contrast to temporary labor migrants, the point in time when return will take place is unknown and therefore, these refugees plan under great uncertainty. Since the time frame is unknown, the value of country-specific investments is hard to estimate. Depending on whether refugees view exile as temporary or permanent, the process of integration into the host country will differ. Permanent refugees will be at an advantage because they have more room for long-term planning and decision-making.

However, although incentives differ regarding behavior in the host country, the two refugee categories share an initial disadvantage in comparison with labor migrants. Emigration from the home country was forced on the refugee and choices are therefore subject to considerable restrictions regarding both destination and timing. The choice of destination may primarily be based on considerations of safety and personal networks, whereas labor migrants typically would consider relative wage levels and job opportunities. Refugees are thus at an initial economic disadvantage compared to labor migrants, due to lack of information about labor market opportunities, etc. In addition, drawn out asylum processes and long search periods in the labor market may have a discouraging effect on refugees and result in human capital depreciation. Furthermore, refugees who lack proof of schooling and work experience face problems of signaling their skills to employers. It has also been argued that refugees are less likely to be positively self-selected in terms of motivation and abilities than immigrants who enter a country for labor market reasons (e.g. Chiswick 1978).

The fourth group consists of refugees who have only been granted temporary residence permits, as in a system of ‘temporary protection’. Refugees belonging to this group act in a situation of very high uncertainty. Their possibility to plan their life in exile is extremely limited and, therefore, there are poor preconditions for successful integration into the host society. In addition to the initial disadvantages that they share with other refugees, they have minimal control over the migration decision. Whereas refugees with permanent residence rights unilaterally can decide whether return migration is worthwhile, or at least safe, ‘temporary protected’ refugees depend on the views of the host authorities. They do not know when, exactly where, or to what circumstances they will be sent back. Although it has been a common practice that temporary residence status has been made permanent after a certain time (Koser and Black 1999), the initial years of uncertainty may have long-lasting negative effects on the process of integration into the host society.

Hence, on one hand there are ‘economic’ immigrants, who face few constraints and therefore can adapt their behavior rather efficiently to economic change, and on the other hand there are refugees, facing several constraints to their economic behavior. Uncertainty, lack of information, and other disadvantages, increase the risk of low income among refugees, and reduce their possibilities to respond efficiently to changing circumstances. As economic agents, refugee immigrants face a special and large set of constraints to their behavior. Constrained economic possibilities may lead to weak integration or marginalization and make refugees less mobile, even when it comes to return migration in response to improved security conditions in the home country.

C. DEMOCRATIZATION AND RETURN MIGRATION BY REFUGEES

Refugees, by nature, have a clear disincentive to return to their home countries, and the seriousness of the threat that made the refugee leave the home country of course affects the possibility of return migration. For some refugees return migration is simply not possible, whereas some have left mainly for family reunification and it is practically safe to go back at any time. The situation in the home country may also change to the better, improving return migration opportunities for a large part of the refugees.
But there are also economic disincentives to return migration, since refugee source countries are often both politically and economically less stable than other sources of immigration. As Ghosh (1999) points out, in a successful reintegration process “access to productive and gainful employment is a most vital element”. Blitz (2005) emphasizes the variety of outcomes of return migration in Croatia due to large inequalities in access to critical resources in the reintegration process. Kibreab (2003) argues that refugee return migration is more likely to take place from less developed countries than from economically developed, modern democracies, because of the general lack of access to basic economic and civil rights in less developed countries.

Political improvements in the home country are not always followed by increased economic security, and potential return migrants need to consider both. Without economic improvements, return migration may still not be an option; in particular not for those who had a strong economic element in their initial migration decision. Political and economic motives for migration are not incompatible and, therefore, return migration is not the inevitable response to political improvements in the home country.

In Chile and Poland, two important sources of refugee immigration to Sweden, democratization started more or less at the same time. In Chile, the democratic opposition won the presidential election in 1989 and their candidate Patricio Aylwin was inaugurated in 1990. In the Polish parliamentary elections in 1989, Solidarity won the majority of seats in the new Senate and all of the seats allocated to opposition parties in the Sejm. Tadeusz Mazowiecki of Solidarity then became Poland's first non-Communist prime minister in more than 40 years, and in 1990, Lech Walesa won the presidential election.

Analyses of longitudinal individual level data from Sweden (Klinthäll 2003) show that return to democracy in Chile and Poland affected return migration from Sweden by Chilean and Polish immigrants positively. The propensity for return migration was higher for both immigrants groups during the years 1990-1996 compared to 1973-1989, and the increase in return migration to Chile was considerable.

Figure III is based on observed return migration from Sweden 1990-1996 and shows conditional probabilities of return migration in a given year for immigrant cohorts arriving prior to 1990 from Chile, Iran and Poland. The probability of return migration is low for Iranian and Polish immigrants, only between 1.05 and 1.28 percent at the highest, despite the fact that Poland, just like Chile, went through a process of democratization in these years. The first Chilean immigration cohort displays a probability of return migration that begins at 4.04 percent and the corresponding figure for the second cohort is 2.71 percent. Thus, there is a considerable difference after 1990 between Chileans on the one hand, and Iranians and Poles on the other, but also between the two Chilean immigration cohorts.

Since the economic development in Chile was very favorable in these years, in contrast to the other two countries, this result may not be that surprising. However, it seems like the second Chilean immigration cohort, the large wave arriving in the late 1980s, was not as motivated to go back to Chile after democratization as the cohort who immigrated 1973-1985. Hence, there seems to be an element of economically motivated migration among the Chilean refugees who came to Sweden in the late 1980s. These results show that not only political changes, but also economic factors, have important effects on return migration.

Return migration from Sweden 1968-1996 was positively selected in terms of income, implying that return migrants on average had higher incomes during their stay in Sweden than non-returnees from the same origin country (Klinthäll 2003). Positive income selectivity is beneficial to the origin countries, since it means that they get the highly productive migrants back, possibly even more productive than when they left, since they have now gained work experience from abroad. A positive income selectivity also serves as an indication of return migration being resource demanding. It may not just be that high-
income migrants face stronger incentives to return, they may also be the ones that have financial resources to make the move.

The fact that Chileans who arrived in Sweden between 1973 and 1984 display a significantly higher propensity for return migration in comparison with more recently arrived Chileans, points to the conclusion that they were more politically motivated than later cohorts. The early cohorts consisted of highly educated intellectuals with a political background, whereas Chilean immigration in the late 1980s had a different composition. In addition, against the background of political and economic changes in combination with the large influx of Chilean refugees in the late 1980s, it may be expected that the Chilean immigration cohorts of the late 1980s were less politically motivated. The political push-factors were getting weaker in Chile and the economic pull of the Swedish economy was strong in the late 1980s. The last wave of Chilean refugee immigration seems to have had an element of “economic” migrants, taking the last chance to be granted refugee status. Consequently, their migratory response to democratization was weaker than that of earlier immigration cohorts from Chile.

Poland suffered from economic instability after 1990 and did not experience the same increase in return migration from Sweden as Chile, where the economy was growing at a high rate. The increase in return migration to Iran, were no democratization had taken place, was not significantly different from the Polish increase. The increased return migration may partly have been due to an economic push-effect, since the years after 1990 were also a period of economic crisis in Sweden. However, return migrants were primarily selected from those with a higher average income performance in Sweden. A low degree of social and economic integration may increase the preference for return migration, but at the same time decrease the ability, due to a lack of economic means. Apparently, refugee return migration is not only dependent on the political situation; it is also highly dependent on economic circumstances.

D. RETURN MIGRATION BY LABOR MIGRANTS

Labor migration to Sweden, as well as to other northern and western European countries, declined considerably after the recruitment halt in the early 1970s, due to reduced demand for unskilled labor and the introduction of restrictive immigration practices. Consequently, political and academic focus of interest shifted away from labor migration towards refugee migration issues. However, in the most recent years, there has been a revival of political and academic interest for issues related to labor migration, and there are several reasons for this; some are connected with the enlargement of the European Union, and the expected increase in labor migration from the new member states, some with demand for high-skilled labor in certain sectors of the economy, and some with the concern about ageing populations in the western world and an expected future shortage of labor.

Regarding labor immigration from the new EU member states, experiences from past labor migration flows should be of interest, since they also provide an understanding of current and future patterns. Former sources of labor recruitment to Sweden, such as Greece and Italy, now belong to the group of “old” member states and have enjoyed freedom of movement of labor within the EU for several years. However, as in the case of Nordic migration presented above, increased income levels in these countries relative to Sweden and other former labor recruiting countries have resulted in declining migration pressure, which became evident when restrictions for migration were removed within the EU. Other countries, such as Turkey and Yugoslavia, have shifted from being sources of labor migration to being sources of refugee migration. The aggregate effects of these circumstances are exemplified in figures IV and V, which show cumulative rates of return migration to Greece and Turkey for immigration cohorts arriving in Sweden in the years 1970, 75, 80, 85 and 90.
The aggregate patterns of return migration to Greece and Turkey differ primarily in two respects. First, Greek return migration rates have been on a higher level throughout the period; two thirds of the Greek migrants arriving in Sweden in 1970 had returned within the investigation period, whereas the corresponding figure for Turkish immigrants arriving in 1970 is only about one third. Second, rates of return migration to Greece have been on a relatively constant level throughout the period for all five immigration cohorts, whereas regarding Turkish return migration rates, there has been a radical shift downwards.

Whereas Greece have had a relatively stable and continuous development during the period under study, Turkey have gone through periods of violent conflict and have experienced considerably lower levels of GDP per capita than Greece. Consequently, even the Turkish immigration cohort of 1970, dominated by labor migrants, display return rates that are about half of the corresponding Greek rates. Return migration starts to level off after about 10 years for the 1970 Turkish immigration cohort, i.e. around 1980, the year of the military coup in Turkey. Turkish immigration cohorts arriving in Sweden from the mid-70s were dominated by refugee immigrants, and there was a pronounced ethnic dimension, with large groups of Syrian Orthodox and Kurdish refugees. These cohorts display considerably lower rates of return migration to Turkey than earlier cohorts; less than five percent had returned within five years.

Hence, there is a clear relationship between rates of return migration and structural factors, such as the long-term economic and social situation in the countries of origin. For instance, Klinthäll (2003) show that the average probability of return migration from Sweden in a given year between 1974 and 1989 was 13 percent for Americans, 9.3 percent for Germans, 8.9 percent for Greeks, but only 1.1 percent for Turkish immigrants.

More short-term conditions, such as cyclical fluctuations in the labor market, also affect return migration by labor migrants. For instance, a one percentage point increase in the Swedish unemployment rate significantly increased the probability of return migration by labor migrants who came to Sweden 1968-1975 from Greece, Turkey and Yugoslavia. An increase in the unemployment rate in the country of origin home had the opposite effect of significantly reducing the probability of return migration. So, whereas long-term structural differences between home and host society determines the level of return migration, short-term cyclical change affects the annual variation.

On the individual level, return migrants are not randomly selected in terms of human capital characteristics. Labor migrants returning from Sweden are generally selected from higher educational categories and they have generally had a better income performance, seen over their whole duration of residence in Sweden, compared to non-returnees from the same country of origin. Table 1 shows odds ratios for different income categories. Table 1a shows the results for labor migrants from Greece, Turkey and Yugoslavia and table 1b for immigrants from United States and Germany. In order to leave out the effects of refugee immigration from the mid-70s, as well as the war in former Yugoslavia in the 90s, table 1a only shows the result for the period 1968-1989 for migrants arriving in Sweden between 1968 and 1975. Table 1b shows the result for the whole period 1968-1996. The estimates are calculated controlling for demographic and human capital characteristics as well as time period factors. The tendency is clear; the higher the average annual income over time in Sweden, the higher the probability of return migration. The pattern is more pronounced for migrants from the high-income countries of United States and Germany, than for migrants from the three lower-income Mediterranean countries.

The fact that return migrants are positively selected in terms of income, in particular migrants from high-income countries, lends some support to the ideas of Borjas and Bratsberg (1996). According to their model, return migration selectivity depends on relative returns to human capital at home and abroad. Since Sweden has one of the world’s most compressed wage structures, positive return migration
selectivity is expected. However, in a recent study by Brücker and Defoort (2006), the conclusions about selectivity made by Borjas and Bratsberg are questioned, due to the lack of account taken to migration costs in their model. They argue that, in spite of higher inequality of earnings in the origin country, migrants may be positively selected due to the barriers of high migration costs. Basically, Brücker and Defoort suggest that at the upper part of the human capital distribution, individuals are more mobile, not only because they have financial means to deal with migration costs, but also because of human capital characteristics that allow them to reduce migration costs. Therefore, migration has always a strong tendency towards positive selectivity.

The implications of a strong tendency towards positive selection are that migration has a high potential for enhancing economic development, in origin countries as well as in destination countries. Destination countries benefit from a positively selected immigration, whereas origin countries have the prospect of regaining the “best of the best”, who now also have the extra quality of experience from working abroad.

E. RETURN MIGRATION AT THE END OF WORKING LIFE

There are factors, economic as well as psychological, which suggest an increased propensity to return after withdrawal from the labor market. The transition from a wage income to a pension weakens the link between place of residence and income and increases the importance of costs of living for welfare considerations connected to the migratory decision. Several studies have shown that economic opportunities in the home country are very important for the probability of return migration, although return migrants themselves in interviews generally mention family and friends as the number one reason to return. When it comes to return of retirement, employment opportunities are basically irrelevant for the decision, but other economic factors, such as the purchasing power of pensions and savings, are not (Dustmann 1995, 2001). Migration by the elderly is to a large extent directed from regions with high costs of living into regions with low costs of living (e.g. Serow and others 1986, Serow 1987, Fournier, Rasmussen and Serow 1988a, Fournier, Rasmussen and Serow 1988b, Smith Conway and Houtenville 2003), and from northern states into the “Sunbelt” of the United States or from Northern Europe to Mediterranean countries; interview studies show that elderly north-to-south migrants generally point out climate as the main factor behind the choice of destination (e.g. Meyer 1987, Bohland and Rowles 1988, King, Warnes and Williams 1998, King and Patterson 1998, Rodríguez, Fernández-Mayoralas and Rojo 1998, Warnes and Patterson 1998, Williams and Patterson 1998).

Hence, when it comes to country of destination, there is reason to believe that retirement return migration differs from return migration by those still active on the labor market. Whereas labor migrants typically consider relative wage levels and employment opportunities, retirees are expected to put more weight into quality of life considerations, such as climate, costs of living, access to health care and other services.

An immediate migratory response to retirement indicates a conscious plan to return after the end of the labor market career. Return migration rates by age reported in Poulain and Perrin (2002) indicates that there exists a “retirement effect”; aggregate rates of return migration from Belgium increases considerably around the age of retirement. The risk of return should be higher for those who immigrated at a relatively high age and therefore are more deeply rooted in their home society. However, many of those who immigrate at high ages do it for family reasons, frequently because they are dependent on younger family members who live in the host country. These immigrants may have a low propensity for permanent return migration, relative to other migrants who immigrated at a high age, but they tend to keep strong links to their home countries (Emami and Ekman 1998, Ahmadi and Tornstam 1996). Many elderly migrants have spent a long time in the host country and have children who grew up, or even were
born, in the host country. Some of these migrants may still nurture a “myth of return”, although their attachment to the host country has become strong enough to make the utility of returning lower than the utility of staying, and in practice, return migration is no longer an option.

According to a study on Bosnian, Chilean and Somali refugees in Sweden, nostalgia and emotional ties to the country of origin seem to be more important among the elderly compared to those of working ages in their views of return migration, and the wish to return also appears to be stronger among the elderly (Olsson 2001). However, the study also reports that a majority of the elderly refugees prefer to settle in the host country, primarily as a consequence of welfare considerations, where family ties, medical care, social service and decent housing play important roles. Studies of Iranian elderly immigrants in Sweden show that a large part immigrated in order to be close to their children, who had arrived before them (Emami and Ekman 1998). Many of these elderly immigrants feel alienated in their new country and keep strong links to their home country, partly in order to support their cultural identity, and some of them have developed a strategy of moving back and forth (Ahmadi and Tornstam 1996).

DeCoulon and Wolff (2005) study the impact of family relationships on the preferred location choice of immigrants in France who are approaching retirement. They find that the location of adult children strongly affects where immigrants plan to retire. As many as 27 percent of the respondents in their study prefer to adopt a strategy of moving back and forth between home and host country after retirement, in particular those who have children in both countries. 65 percent of the respondents want to remain in France, whereas 8 percent want to return to their country of origin. According to a Swiss study on elderly immigrants, women want to settle in the host country to a larger extent than men, primarily in order to keep contact with their children, but also because they feel more independent in the host country (Bolzman and others. 2004). DeCoulon and Wolff (2005) find similar gender differences regarding attitudes towards return migration among immigrants in France.

The timing of return migration is also potentially important from a fiscal point of view of the host country. In a study on temporary migration, Dustmann (2000) argues that the longer the time migrants plan to stay in the host country, the higher their investment in human capital, leading to higher tax revenues for the host country. Storesletten (2000, 2003) has studied the fiscal effects of immigration for a welfare state of Swedish type and concludes that age and employment rate of the immigrants are the most important factors for the fiscal outcome. In a comment on Dustmann (2000), Storesletten argues that tax revenues would be maximized if migrants returned at retirement age. However, this argument is based on the assumption that migrants do not collect any pension benefits from the host country after departure (see Storesletten 2003).

In Sweden, the present pension system allows you to take pension rights abroad if there is an agreement with your country of origin, which is the case for most of the source countries of labor immigration (Lundh and Ohlsson 1999). This right has gradually been strengthened, first covering supplementary pensions (ATP) only, but since 1979 also covering state pensions if there is a bilateral agreement. The pension right increases with the number of years spent on the Swedish labor market and full pension rights are reached after 30 years.

The legal retirement age, 65 in Sweden, does not reflect the real retirement age, which today is closer to 60. The propensity to retire early may be even higher among immigrants who plan to retire in their home country. The intention of some migrants is to accumulate savings abroad, to be consumed in the home country after a return of retirement. In this way, migrants are able to retire earlier than would have been possible without temporary migration. Moreover, when the retirement age is lower in the country of origin than in the country of destination, migrants are likely to view the retirement age at home as “normal”, in particular those who plan to return and who use the home society as a frame of reference (Piore 1979). Some migrants thus return to retire before they have reached the host country’s legal
retirement age. In addition, many migrants qualify for early retirement compensation due to sickness, occupational injury or redundancies. Health-related early retirement may, due to economic, administrative, health, or other reasons give rise to a dependence on the welfare state of the host country, which is an obstacle to return migration. Health care is heavily subsidized in Sweden and, therefore, the expectation is that less healthy migrants are more likely to remain as Swedish residents than healthy migrants.

As shown in previous sections, there is considerable selectivity among immigrants who return from Sweden in their working ages. Returnees tend to have a lower income immediately before return compared to other immigrants, but controlling for the last income, return migrants generally display a better income performance over their whole stay in Sweden compared to their compatriots who do not return. If retirement return migration is the result of a conscious strategy, which includes target saving, then we expect retired return migrants to be positively selected in terms of income, partly because target savers have a high labor supply and partly because target saving behavior gives rise to higher capital income (Stark 1991).

An immediate migratory response to retirement indicates a conscious plan to return after the end of the labor market career. In addition, a strategy of temporary migration involves target saving behavior and therefore, return migrants who have this strategy should be positively selected in terms of income performance in the host country.

When it comes to income selectivity, Klinthäll (2006) shows that immigrants who return at the end of working life are positively selected, something which is expected when migrants are target savers with a temporary migration strategy. There are additional explanations to positive return migration selectivity, such as a relatively generous welfare system in Sweden, making low-income immigrants stay; or higher returns to human capital abroad due to a compressed wage structure in Sweden, making high-income immigrants leave. These explanations mainly apply to working-age migrants, but may also have some relevance for retired migrants. In any case, the positive income selectivity found in this analysis does not contradict the savings target hypothesis.

Concerning elderly migrants, the expectation is an increased propensity to return migrate when the labor market career is over and pension replaces wage, i.e. when wage differentials no longer matter for the decision on where to live. This is particularly true for the category that have a preference for the home country, but, since income frequently has a higher purchasing power in source countries than in destination countries, increased propensity to return is in many cases also expected within a traditional neo-classical framework. Dustmann (1995, 1997, 2001) has shown in theoretical models that the purchasing power of savings in the country of origin relative to the host country is potentially important for the decision to return. He also shows in simulations that this motive for return migration, when the migrant is indifferent between consumption at home and abroad, gives rise to return migration relatively late in the labor market career.

When reaching the age of 65, the legal retirement age in Sweden, the probability of return migration increases, although insignificantly for females (Klinthäll 2006). The effect of retirement is immediate; the probability of return migration declines again beyond the age of 65. Furthermore, both male and female immigrants who qualify for early retirement compensation have a considerably higher probability of return migration compared to those who are not retired. These “retirement effects” indicate a conscious plan to return to the home country when the labor market career is over and shows that return migration can be an important ingredient in the welfare optimization strategies of migrants.

Another question regards the geographical link between income and consumption, since the transition from wage income to pension can make income independent of the place of residence. Do
differences in return migration rates between immigrant groups deviate from the patterns of working-age return migration? Studies on return migration among younger immigrants have shown that large differences in return migration rates between different nationalities primarily depend on varying economic circumstances and political situations in the source countries. If costs of living rather than income levels matter for the residential choice after retirement, we expect relatively less return migration to high-income countries than in the case of working-age return migration.

The patterns of return migration at the end of working life shown in Klinthäll (2006) partly deviate from results regarding labor migration; for instance, Greeks and Italians return to a larger extent than Americans, Germans and Scandinavians. This result indicates, in line with other studies, that quality-of-life considerations, such as climate and costs of living, are important for migratory decisions connected to the end of working life.

While working, migrants’ net fiscal contribution is positive, but after retirement, it will be negative and therefore, Storesletten (2000, 2003) argues, the optimal time of return migration from the host country’s point of view is at retirement. This argument is based on the assumption that returnees do not bring any pension benefits abroad. In the Swedish case, there is a possibility to bring pension benefits abroad. Retirement return migration, with pension transfers to returned migrants, will result in an outflow of financial resources, at the same time as the level of domestic consumption and the multiplier effects involved will be lower. This effect is reinforced by the fact that return migrants are positively selected in terms of income. On the other hand, certain public spending will be lower, in particular spending which is directed towards the elderly, such as subsidized medical care and housing. A double loss will be the result when migrants adopt a dual residence strategy, with a high level of consumption abroad, but with continued access to Swedish health care and welfare benefits. More research is needed in order to be able to estimate the size and direction of the net fiscal effect of retirement return migration. We need more knowledge about, for instance, return migrants’ claims on the pension system, health status and patterns of consumption.

F. CONCLUSION: THE BENEFITS OF RETURN MIGRATION

Academic research has shown that many migrants, if not a majority, plan to move temporarily. Most migrants seem to nurture a wish, at least initially, to return to their home country some day. Some migrants have a very explicit plan migration for their migration, whereas others are less specific about the future. However, while abroad, plans sometimes become hard to hold on to. The situation may develop in unexpected ways when it comes to important factors such as family and friends, work and money, health or politics. Migrants adapt their migratory plans to changing circumstances and as a result they may return earlier or later than expected, or not at all. Some move on to other countries and some keep strong links both to home and host countries and adopt strategies of moving back and forth.

Most return migrations take place within a few years after immigration and many of those who stay longer become permanent residents of the host country. Preferences for living at home versus abroad may change over time, producing revisions of the migratory plans. The classical contradiction concerning temporary migration is that the accomplishment of a savings target requires a certain degree of integration into the host society, which in turn may lead to permanent settlement (see Bovenkerk 1974). Many studies of return migration show that there is an “acclimatization effect”, i.e. the propensity for return migration decreases with time spent in the host country. Constant and Massey (2002) shows that the likelihood of return migration from Germany decreases with the level of attachment to the German labor market as well as with the level of social attachment to Germany, such as the presence of spouse and children.
Hence, initial migration intentions alone, although important for the economic behavior of migrants (e.g. Dustmann 1996a, 1996b, Galor and Stark 1991) and therefore also indirectly for the migration outcome, cannot alone explain return migration patterns. There are other important factors determining the migration outcome, operating on the individual and household levels, as well as on the macro level, including political changes and economic developments at home and abroad.

Interview studies of return intentions therefore tend to overestimate the importance of temporary migration, since migrants tend to be optimistic about future developments. When asked about their migration intentions in the 1984 wave of the German Socio-economic Panel, 66 percent of the immigrants stated that they intended to return, but ten years later, only 11 percent had realized their intentions (Dustmann 1996c). Statements regarding return migration are likely to depend on when you ask migrants, since circumstances may change over time. In the early phases of the migration cycle, preferences for return migration tend to be stronger than later on. In de Coulon and Wolff (2005), migrants are relatively old when they are asked about their migration intentions and less than ten percent want to return permanently, but more than a quarter still want to keep strong links to the country of origin through a strategy of moving back and forth. However, preferred migration strategies stated by migrants may not always correspond to their resources (Cassarino 2004). Therefore, even in the late stages of the migration period, stated intentions and real outcomes may not perfectly reflect each other.

On the other hand, measured migration outcomes may not exactly reflect real migration outcomes. Migration outcomes in official registers tend to be biased towards permanent settlement, for two reasons: First, if the actual date of return migration is not reported by the migrant, the return will not be registered until the authorities conclude that the individual has left the country. Second, if the migrant adopts a strategy of moving back and forth between home and host country, the migration periods may be too short for a change of registered place of residence, or there may exist certain incentives to remain registered as a resident of the host country.

This paper mainly deals with return migration from a host country perspective. However, it is possible to derive implications for origin countries as well as for host countries from the patterns of return migration from Sweden. Return migration is an important phenomenon that involves a large share of all migrants, and has important potential for the enhancement of economic development, for instance through remittances and investments by migrants who are still abroad, and “brain gain” when migrants return with working experience from their former host countries.

Labor migrants have displayed high rates of return migration, although the Swedish immigration regime built on permanent residence rights and equal rights in the social security system. In e.g. Germany, the system built on temporary residence rights and limited rights in the social security system, but, nevertheless, a large part of the labor immigrants became permanent residents. Immigration was regarded as something permanent in Sweden, whereas in Germany, it was regarded as something temporary; and whereas Swedes may be surprised that so many went back, although origin countries often had lower income levels, Germans may be surprised that so many stayed.

High return migration rates by labor migrants is something that speaks against the possibility of dealing with aging populations through labor recruitment from abroad. In fact, immigration has to be extremely high in order to affect the age structure of the host country population. Bengtsson and Scott (2005) shows that in a contra factual situation where there had not been any immigration, the present share of the Swedish population above age 65 would only be three percentage points larger than it actually is, despite the fact that Sweden has had one of OECD:s highest immigration rates per capita in the last decades.
Return migration by labor migrants from Sweden has generally been positively selected, both in terms of education and income performance. They also seem to have been positively selected on immigration, i.e. in relation to the work force in their home countries. Scott (1999) shows that labor migrants arriving in the 1960s and early 1970s were well integrated in the Swedish labor market, with high relative incomes and high employment rates. It may therefore be expected that contemporary labor migration from the new member states of the EU will be positively selected, both when it comes to immigration and return migration, and that return migration rates will be relatively high.

Regarding refugee immigrants, political improvements in refugee source countries cannot be expected to result in large-scale return migration, unless the changes are accompanied by economic stability. The migratory response to democratization after 1990 by Chileans in Sweden did not have any counterpart among Polish immigrants in Sweden. This can be attributed to the large difference in economic opportunities for return migrants in Chile relative to Poland in the years after 1990. Refugee migrants need to take political as well as economic security into account when considering return migration. This is an important aspect to bear in mind, considering political attempts to encourage voluntary return migration to former refugee sending countries. For such attempts to be successful, they need to be combined with policies of economic assistance and development.

Regarding retirement return migration, the Swedish case shows that there is a clear "retirement effect" on the propensity for return migration, also when it comes to early retired immigrants, and there is a positive income selection. Taken together, these results indicate that there are migrants with a conscious plan to retire in the home country after the end of working life abroad. It is also another indication of the strong tendency among migrants to have some preference for a life “at home”.

Retirement return migration is likely to have some adverse fiscal effects for a host country of Swedish type. One reason is the loss of consumption due to the right to bring pension abroad, an effect that is expected to be reinforced by positive income selection. In addition, return migration is expected to be positively selected in terms of health status of the migrants, something which has a negative effect on the costs for public health care in the host country. The fiscal effects would be particularly negative if migrants adopt a dual residence strategy, which involves a transfer of financial resources abroad, but consumption of health care in Sweden. On the other hand, migrants’ origin countries will gain consumption, and health selection will ease their costs for public health care. However, there will only be a net gain as long as the public cost of migrants’ consumption of health care is lower than the public gain of migrants’ contribution to aggregate consumption.

The Swedish experience is that return migrants tend to be positively selected in terms of income and education. Such selectivity is of course beneficial for origin countries. However, migration tends to be positively selected in general, something which implies that temporary migration has a high potential for enhancing economic development, in origin countries as well as in destination countries. Destination countries benefit from a positively selected immigration, whereas origin countries have the prospect of regaining the “best of the best”, who now also have the extra quality of experience from working abroad.

The Swedish case shows that economic circumstances are important for return migration levels in the long run, as well as for short-term variation. Relative income levels in origin and host countries determine the long run level of return migration flows, and cyclical variation in the demand for labor has a significant effect on annual flows. Even when it comes to refugee return migration, these tendencies can be traced on an aggregate level.

Of course, political factors at home are the most important factor determining refugee return migration. However, institutional factors in the host country also have an important impact on the prospects of return migration. Refugee return migration from Sweden was shown to be positively selected
in terms of average annual income over the whole migration period, i.e. the whole spell from immigration to return migration. This indicates that return migration is resource demanding and that immigrants that have not been properly integrated into the host economy will have worse opportunities for return migration. Therefore, since institutional arrangements regarding refugee reception are crucial for the prospects of successful integration into the host economy, they are also an important determinant for future return migration.

Refugee immigrants who are marginalized in the labor market of the host country are less likely to be able to return. Measures for economic integration of refugees are therefore necessary for states that want to enhance return migration to former refugee sources. Models of ‘temporary protection’, built on temporary residence permits, are inefficient when it comes to the economic integration of immigrants and, therefore, there is an actual risk that such models are contra productive in their support of temporary migration models that aim for return migration by refugees. Permanent residence models, on the other hand, allow migrants to be more efficient regarding their economic behavior. Migrants in a system built on permanent residence rights face better opportunities for economic integration as well as for return migration. Therefore, a system built on permanent residence rights can benefit all parties; the host country, the country of origin, and the individual migrant.
REFERENCES


Table 1. Probability of return migration from Sweden by income category. Odds ratios.

<table>
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<th>P-value</th>
<th>Income level</th>
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Note: Estimates are calculated controlling for years since immigration, age at immigration, civil status, children, last income, education, country of origin, time period and business cycle, see Klinthäll (2003).
Figure I. Return migrants per thousand immigrants within Nordic and non-Nordic immigration cohorts of 1970, 1980 and 1990. Accumulated rates by years since immigration to Sweden

![Graph showing return migrants per thousand immigrants in Nordic and non-Nordic cohorts over years since immigration to Sweden.]

Source: Statistics Sweden.

Figure II. GDP per capita, 1990 international dollars, 1970-2000 Denmark, Finland, Norway and Sweden.

![Graph showing GDP per capita for Denmark, Finland, Norway, and Sweden from 1970 to 2000.]

Source: Angus Maddison (2003)
Figure III. Probability of return migration from Sweden 1990-1996 by years since immigration, country of origin and immigration cohort. Cohort 1 = immigration year 1973-84, cohort 2 = immigration year 1985-1990.

Source: Swedish Longitudinal Immigrant Database.

Figure IV. Return migrants per thousand immigrants within the Greek immigration cohorts of 1970, 75, 80, 85 and 90. Accumulated rates by years since immigration to Sweden

Source: Statistics Sweden.
Figure V. Return migrants per thousand immigrants within the Turkish immigration cohorts of 1970, 75, 80, 85 and 90. Accumulated rates by years since immigration to Sweden.

Source: Statistics Sweden.