

# International Migration: the perspective of sending countries

How many migrants? Where? Why?

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# International migration: a sending country perspective

- magnitude of international migration (over time);
- main bilateral flows;
- why do people migrate?
- evidence from Mexico

# International migration: magnitude

- hard to study international migration until recently;
- why? simply shortage of decent quality data;
- #migrants in the world? where do they go? where do they come from?
- recent data collection efforts have spurred a lot of research;
- next, we look at data compiled by the World Bank based on >1000 censuses (!);

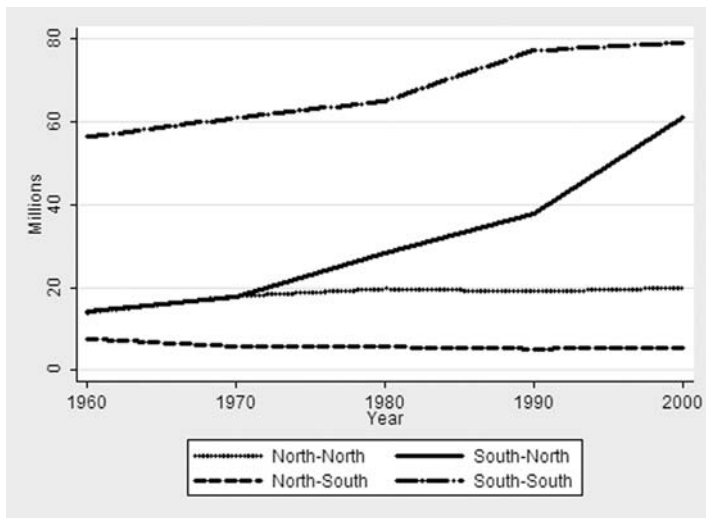
# Global migration: stock and trend

- def **migrant** (baseline): person born in a country different from the one where he/she resides<sup>1</sup>;
- Ozden, Parsons, Schiff and Walmsley (2012) show the following:
- 1960-2000: stock of global migrants ↑ from 92 to 165 mln;
- disaggregate the stock:
  - **South-South**, 1<sup>st</sup> and stable (*in share*): from 56mln (61%) to 79mln (48%);
  - **South-North**, 2<sup>nd</sup> but growing: from 14mln (15%) to 60mln (36%);
  - North-North, 3<sup>rd</sup> and stable (in stock, decreasing in share);
  - North-South, 4<sup>th</sup> and stable (in stock, decreasing in share);

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<sup>1</sup>The definition of migrant based on country of birth seems preferable to the one based on country of citizenship because the requirements for citizenships vary greatly across countries.

FIGURE 1. Changes in the Number of Migrants in Developed to Developing Country Migration Corridors, 1960–2000



Source: Authors' calculations based on data described in text.

- Main destinations: US and Western Europe;
- Useful to decompose countries of origin;
- **US** (+24.3mln):
  - 1960: mainly European migrants (60%);
  - 2000: Latin American (52%), East Asia and Pacific (17%), Europe(15%);
  - corridors: *Mexico; Philippines;*
- **Europe** (+22mln):
  - 1960 and 2000: intra-Europe;
  - corridors: Turkey-Germany, Poland-Germany, Algeria-France;

- major flows determined by major political events;
  - Within **Soviet Union**: Ukraine and Russia, Kazakhstan and Russia;
  - Within **South Asia**: Bangladesh, India and Pakistan;<sup>2</sup>
  - (as well as the ongoing Syrian crisis);
- determined by economic reasons:
  - **Middle East**: Egypt, India, Pakistan and Philippines to the Gulf States
  - (from 3% South-South in 1960 to 15% in 2000);

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<sup>2</sup>British India split along religious lines to form India and Pakistan (1947), and later also Bangladesh. The partition left 12.5 mln people displaced.



FIGURE 3. Inter- and Intra- regional Migration between Developing Countries, 2000



Source: Authors' calculations based on data described in text.

## South-North<sup>3</sup>: examples

- Philippines (2010):
  - Stock emigrants: 4.2 mln (4.6% pop);
  - Remittances received: about 21\$bn (vs 2.1\$bn net FDI!!!)
- Mexico (2010):
  - Stock of emigrants: about 12 mln (10.7% pop)
  - Remittances received: about 22 \$bn (same as net FDI!);
  - (Stock immigrants: 0.7 mln; 0.7% pop);
- Sweden (2010):
  - Stock emigrants: 0.3 mln (3.4% pop);
  - Remittances received: 0.8 \$bn (vs 42\$bn net FDI);
  - (Stock immigrants: 1.3 mln; 14.1%pop);

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<sup>3</sup>Data in this slide from the Migration and Remittances Database (2011).

# Global migration: preliminary considerations

- migration flows look huge;
  - in many countries immigrants are  $>10\%$  pop;
  - migration is high in the political agenda;
  - (therefore also in our agenda);
- however, **why not more?**
  - migrants are *only* 3% world population notwithstanding huge wage differentials<sup>4</sup>;
- *what should we expect if we got more?*
- *should we advise governments to get more?*

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<sup>4</sup>Notice that these data typically underestimate illegal immigrants though.

# Sending countries: is (e)migration good or bad?

- **brain drain**, def<sup>5</sup>:

*"The term "brain drain" designates the international transfer of resources in the form of human capital and mainly applies to the migration of relatively highly educated individuals from developing to developed countries" (Docquier and Rapoport 2006)*

- measure of brain drain: % migrants among college graduates (or more);
- remark: while in OECD countries college graduates are many (30-40%), in dev countries they may be just 5%;

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<sup>5</sup>See Docquier and Rapoport (2006): "The Brain Drain", New Palgrave Dictionary of Economics for a short presentation of the topic in this slide.

# Who has incentives to migrate?

- why do we care about the determinants of migration?
- ..because understanding what drives migration is critical for any assessment of future patterns and policy design (Hanson 2006);
- a simple economist's perspective: compare
  - earnings in the destination country ( $w_{destination}$ ), with
  - earnings in the country of origin ( $w_{origin}$ )
  - ..net of the cost of migrating
  - ..for your level of education

# Who has incentives to migrate?

- of course, expected earnings vary a lot by education, so potential migrants will make the comparison for their level of education;
- now, developing countries are characterized by a low share of educated people;
- this means that the relative return to education is higher in the countries of origin, than in countries of destination;
- Borjas (1987): uneducated/poor people in countries of origin have the highest incentive to migrate;

...Is that really true?

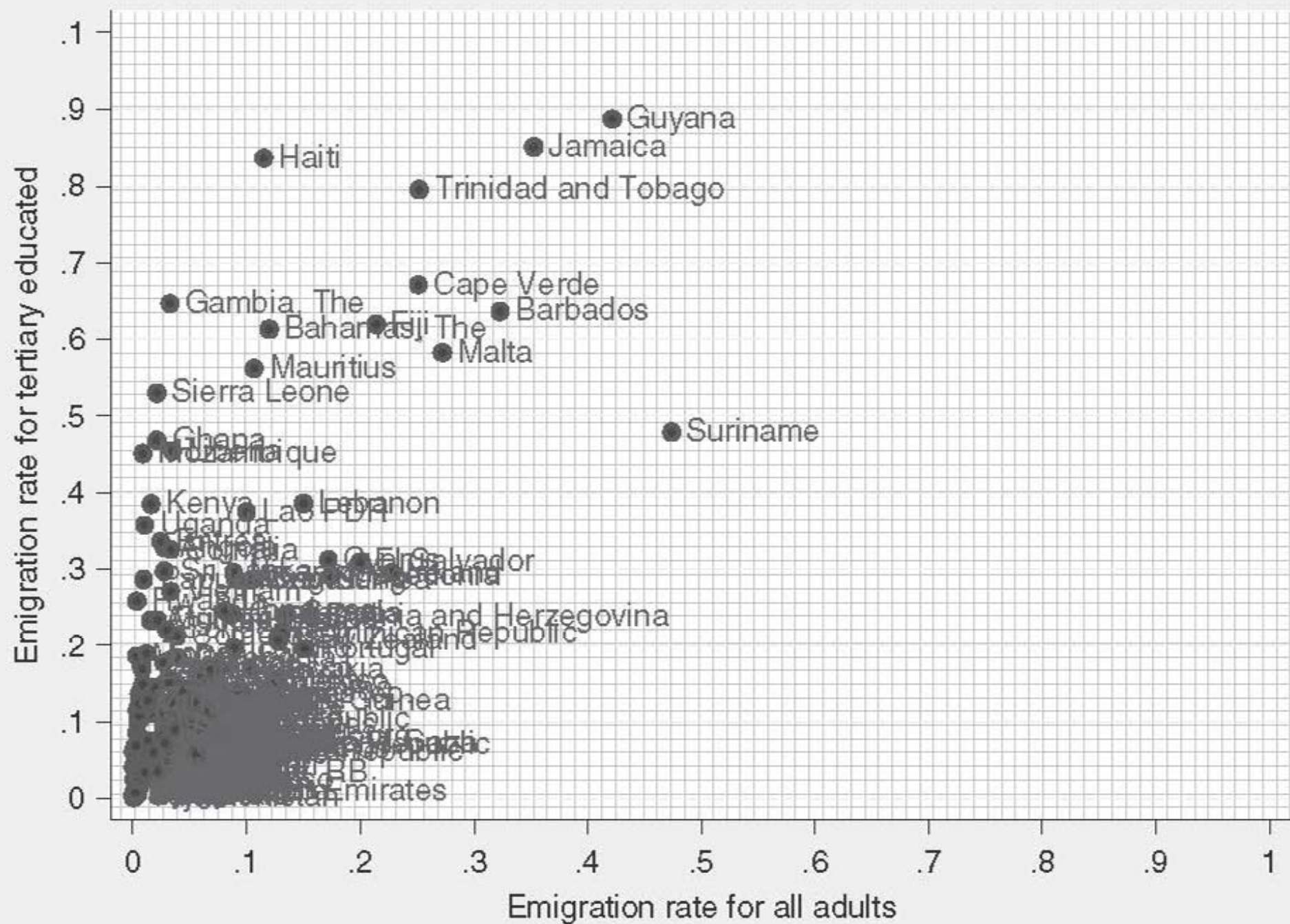


Figure 2 Emigration rates for the more educated, 2000.

*"positive selection of emigrants appears to be a nearly universal phenomenon" (Hanson 2010:4378)*

- in most developing countries, it is the most educated who migrate the most;
- why is that?
- Chiquiar and Hanson (2005): the poorest people fail to migrate because of:
  - credit constraints: they cannot afford it;
  - (also, lack of friends/relatives who are already abroad or have been abroad recently (networks; see McKenzie and Rapoport 2010));



## Migrants' selection, implications (2): unsolved issues

- **among those who can afford it**, why so many do not migrate?;
  - for example, the cost of crossing the Mexican border (\$5000) could be recouped in few months;
  - ..why don't all Mexican migrate?;
- ① destination countries are effective in **restricting** migration
  - problem: many borders are porous;
- ② **uncertainty** in leaving home; **psychic cost** of leaving home;
  - evidence on the importance of networks abroad (Munshi 2003);
- ③ the **return from migration is over-estimated**;
  - objective return of migra is positive, but **subjective return** (like happiness) is negative (Stillman et al 2012)

# Migrants' selection: a look at Mexico

- stylized fact: %Mexicans in the US from 1,5% (1970) to 5,2% (1990) to 10,2% in 2005 (Hanson and McIntosh 2009);
- central issue in US policy agenda: 56% of Mex immigrants in US are illegal (vs 17% for other immigrants; Passel 2005);
- recent studies attributed a large share of this increase to demographic factors (Hanson and McIntosh 2009, 2010);
- however, many policies of the Mexican government in the early 1990s not studied rigorously (Hanson 2006);
- so, in my 2014 paper I estimate the effect of changes in land property rights on Mexican farmers' propensity to migrate;

## Context: ejido sector in Mexico.

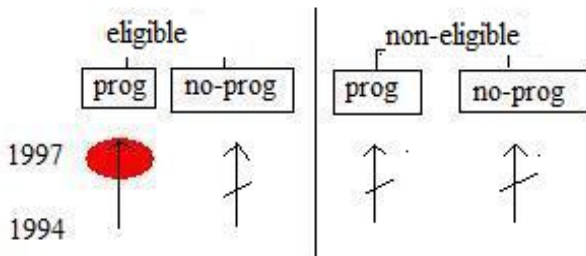
- identification prop rights: exploit land certification in Mex ejidos;
- *ejido*: groups of farmers receive land in usufruct - up to 60% agr land;
- why do we care about ejidos?
- because migrant households are 15% in 1994, and 29% in 1997 (!);
- the increase in the #migrants from 1994 to 1997 corresponds to about 1.4 million additional migrants;
- which corresponds to about 52-58% of all Mexicans who entered the US during this period (!);
- consistent with migration stemming primarily from rural areas, and from ejido households;

## Context: ejido sector in Mexico.

- *ejidatario* (farmer): urban plot + agr plot + access to common land;
- *formal prop rights*: free to sell to other ejidatarios, rent hire wage labor, leave the plot, one-heir only;
- **certification (plot)**: location, dimension, list of neighbors.
- ..de facto change in land prop rights

# Identification strategy

- data: 1994 and 1997 ejido surveys (panel) + admin data;
- compare eligible hhs in program and non-program areas before/after;
- control for selection into the program by using non-eligible hh (DDD);
- non-eligible hs: relatives of eligible hhs and migrants,
  - possess land through black markets and occupation,
  - right to buy urban plot;
- strategy:



## Regression specification:

- the paper makes use of econometrics methods that I spare you from (lucky you)
- essentially, I find that the certification program led to a 12% increase in the probability that households have one or more migrants abroad, i.e., about 43% of the overall increase;
- in terms of #migrants, the effect corresponds to about 350,000 additional migrants, i.e., 13-15% of the entire Mexico-US migration during this period.
- since the program took place during 1994-2006, the overall effect is even larger and prolonged over time;
- this is confirmed by recent evidence on internal migration by de Janvry et al (2015);

## Mechanism: land inheritance

- why exactly did households' migration behavior reacted to the change in land property rights?;
- many mechanisms are possible;
- in the paper I find some evidence supporting a new explanation related to land inheritance;
- hh members influence ownership of land asset by working on land;
- better prop rights limit this mechanism;
- Mexico: if HH has not specified the heir, then potential heirs have 3 months to agree or Agrarian Tribunal sells the land and splits the revenue in equal parts<sup>6</sup>;
  - ..intervention easier if documentation is available;

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<sup>6</sup>Art. 17, 18 Agrarian Law (1992); art. 81,82 of the Federal Law (1971).

## Again, why do we care about Mexican migrants

- we know why the US and Mexican governments care, ...but us?
- in 2009, the World Bank allocated about 1.5 billion USD to 46 Land Administration Projects around the world (Deininger and Bell 2010);
- many of the countries involved have emigrant-to-population ratios greater than Mexico (Azerbaijan, Bosnia and Herzegovina, the Kyrgyz Republic, Macedonia, Nicaragua, Tajikistan, Ukraine);
- the results found for Mexico could apply to them as well;<sup>7</sup>
- they could also apply to large scale internal migration.

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<sup>7</sup>As well as to large scale internal migration in, for example, China, where restrictions on rural land ownership are a big issue.



- international migration is a big topic in economics;
- a lot of new research made possible by massive data collection efforts;
- a lot of fieldwork currently ongoing in several parts of the world;
- stay tuned!
- Additional sources:
  - World Bank website;
  - World Bank blog;
  - CREAM institute.
- thank you!