

The Economics of International Migration

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1. Introduction.

International migration is an important aspect of globalization. While migrants represent about 3 percent of the world population, a relatively stable figure, immigrants now represent nearly 10 percent of the population of OECD countries, a twofold increase in just a couple of decades. Another interesting pattern of international migration is that it is increasingly of the brain drain type. The aim of the course will be to present a detailed picture of international migration today, to understand the forces behind the patterns of its evolution, and to analyze both theoretically and empirically the interaction between international migration and other aspects of globalization (trade, FDI) as well as the way it affects the home and host economies. At a theoretical level we will aim at conveying the intuition using simple economic models. At the empirical level we will discuss the results from selected studies. The course will focus on international and development economics issues and will only address labor economics issues marginally.

2. Content

Day One: International migration today – the global picture.

Topics

- Globalization and migration
- Trends in international migration.
- Skill and gender composition.

Readings

Beine, Michel, Frederic Docquier and Hillel Rapoport (2007): Measuring international skilled migration: a new database controlling for age of entry, *World Bank Economic Review*, 21, 2: 249-54.

**Docquier, Frederic, Lindsay B. Lowell and Abdeslam Marfouk (2009): A gendered assessment of highly skilled emigration, *Population and Development Review*, 35, 2: 297-321.

Ozden, Caglar, Christopher Parsons, Maurice Schiff and Terrie Walmsley (2009): The evolution of global bilateral migration 1960-2000. Paper presented at the 2nd Migration and Development conference, The World Bank, Washington D.C., September.

Day two: The determinants of international migration

Topics

- A simple model of migrants' self-selection with non-proportional migration costs
- Push and pull factors in international migration
- Self-selection and sorting: disentangling the role of income maximization, networks, and policies.

Readings

Beine, Michel, Frederic Docquier and Caglar Ozden (2009): Diasporas, CESifo Working Paper No 2607, April. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1379118#

Belot, Michele and Timothy J. Hatton (2008): Immigrant selection in the OECD, CEPR Discussion Paper No 6675, February.

**Grogger, Jeffrey and Gordon H. Hanson (2008): Income maximization and the selection and sorting of international migrants, NBER Working Paper No. 13821.

Mayda, Anna Maria (2009): International migration: A panel data analysis of the determinants of bilateral flows, *Journal of Population Economics*, forthcoming.

**McKenzie, David and Hillel Rapoport (2010): Self-selection patterns in Mexico-U.S. migration: the role of migrant networks, *Review of Economics and Statistics*, forthcoming. World Bank Policy Discussion Paper No 4118. Download from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=959764

Day three: International migration, trade and FDI

Topics

- Trade, migration and FDI: complements or substitutes?
- A simple model of FDI-inducing migration with heterogeneous workers and endogenous human capital
- A less simple model model of trade, migration and FDI with heterogeneous firms.

Readings

**Docquier, Frederic and Hillel Rapoport (2009): Skilled migration: the perspective of developing countries. In J. Bhagwati and G. Hanson, eds.: Skilled immigration today: problems, prospects and policies, Oxford University Press, Chapter 10. Working paper version available at: http://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=147724

Helpman, Elhanan, Marc Melitz and YHona Rubinstein (2008): Estimating trade flows: trading partners and trading volumes, *Quarterly Journal of Economics*, 123, 2: 441-487.

**Kugler, Maurice and Hillel Rapoport (2006): Migration and FDI: complements or substitutes?, Mimeo. <http://www.cepr.org/meets/wkcn/4/4556/papers/Rapoport.pdf>

Day four: The economics of the brain drain

Topics

- A stylized model
- Remittances and the brain drain
- Beyond trade and FDI: other diaspora effects
- Brain drain and endogenous human capital formation (brain gain)

Readings

Beine, Michel, Frederic Docquier and Hillel Rapoport (2008): Brain drain and human capital formation in developing countries: winners and losers, *Economic Journal*, April.

Bollard, Albert, David McKenzie, Melanie Morten and Hillel Rapoport (2009): Remittances and the brain drain revisited: the microdata show that more educated migrants remit more. CReAM Discussion Paper No 26/09, October. http://www.econ.ucl.ac.uk/cream/pages/CDP/CDP_26_09.pdf

**Docquier, Frederic and Hillel Rapoport (2009): Skilled migration: the perspective of developing countries. In J. Bhagwati and G. Hanson, eds.: *Skilled immigration today: problems, prospects and policies*, Oxford University Press, Chapter 10. Working paper version available at: http://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=147724

Day five: Should we liberalize international migration?

Topics

- Immigration and inequality in host countries
- Comparing the gains from liberalizing trade and migration
- Attitudes toward immigration
- Skilled migration and the world distribution of income

Readings

Card, David (2009): Immigration and inequality, NBER Working Paper No 14683, January. <http://www.nber.org/papers/w14683>

Chang, Howard (2007): The economic impact of international labor migration: recent estimates and policy implications.

**Clemens, Michael and Lant Pritchett (2008): *Income per natural: measuring development for people rather than places*, Mimeo., Kennedy School of Government, Harvard University.

**Mountford, Andrew and Hillel Rapoport (2009): Brain drain and the world distribution of income. Working Paper, October 2009. Previous version available as CReAM DP No 04/07: http://www.econ.ucl.ac.uk/cream/pages/CDP/CDP_04_07.pdf

O'Rourke, Kevin and Richard Sinnott (2006): The determinants of individual attitudes towards immigration, *European Journal of Political Economy*, 22: 838-61.