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Mercator Dialogue on
Asylum and Migration

Expectations matter: Boosting local economies to cut migration from developing countries

Claas Schneiderheinze and Lukas Tohoff

- If people expect their local economy to improve, they are less likely to migrate—even given low-income levels.
- Expectations are more important for the emigration decision than income levels. They also respond better to policy interventions in the short to medium term.
- At the same time, slow-moving factors such as educational advancement, demographic change, and structural economic transformation can still increase migration in the long term.

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Globally, more than 750 million individuals intend to migrate and more than half of them aim at one of just seven destination countries.[1] The number of potential migrants will continue to rise because of climate change and population growth—both particularly in relation to the African continent. There is much disagreement in destination countries about how to handle increasing migration pressures. Yet, policy makers in the Global North seem to generally agree on one point: the **root causes of migration need to be tackled,** by which they generally mean improving livening conditions in source countries.

The root-causes approach seeks to combine reducing migration with reducing poverty.[2] However, some researchers have recently suggested that the two goals may be conflicting rather than complementary. In fact, middle-income countries have on average higher emigration rates than both low-income countries and high-income countries. When plotted against per capita income, emigration follows an inverted U-shape (a 'migration hump'). As a result, **for poor developing countries, economic development is statistically associated with more migration.**

On this basis, it is often assumed that growing incomes in developing countries would directly translate into more migration. Moreover, middle-income countries are distinguished by other time-invariant characteristics that are positively associated with migration: they are on average smaller, closer to attractive destination countries, and more likely to have colonial ties with them.[4] Therefore, most of today's developing countries are unlikely to reach the high emigration rates of their middle-income counterparts. More importantly, the substantive argument behind the migration hump relates to long-term social and economic development in its various dimensions, rather than just per capita income: along the development path, rising income is typically accompanied by demographic, educational, and other gradual, impactful societal shifts that facilitate migration in the long run.

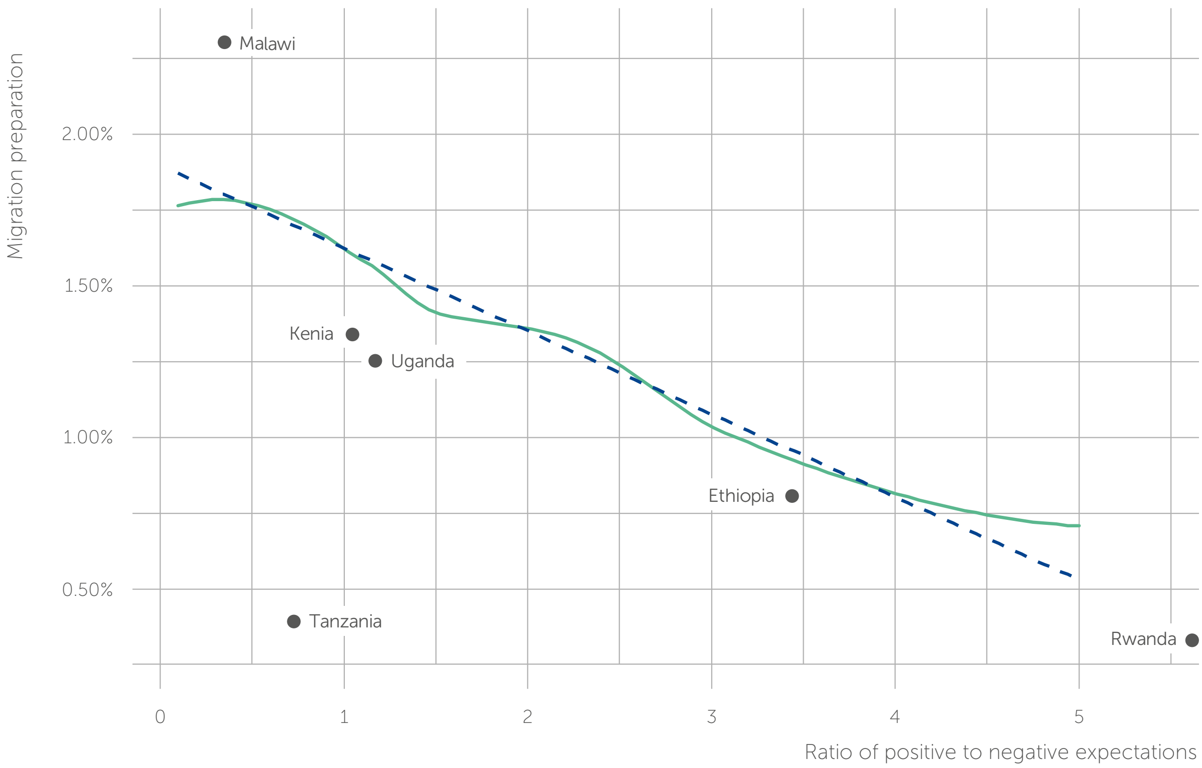
»There is a lot of common ground when we talk about fighting the root causes of migration, or development aid for Africa.«

Angela Merkel at a press conference with Viktor Orbán, 2019[3]

Although it is conclusive that development progressively increases migration in the long term, it is crucial to also consider the role of economic expectations in shaping migration decision-making. Economic growth clearly improves local opportunities and future expectations, and thus enhances the attractiveness of staying. In scientific research, the key role of expectations in migration decision-making is not new. Expectations about locations—the origin and possible destinations—are key determinants of migration.[5] If the option to stay becomes more attractive, fewer individuals migrate. **Figure 1 clearly shows that substantial improvements in local economic expectations are associated with less emigration in developing countries.**

[1] N. Esipova, A. Pugliese, and J. Ray, "More than 750 million worldwide would migrate if they could," *Gallup News* (December 10, 2018).
[2] Prominent examples of this approach are the "Marshal Plan with Africa" initiated by the German government in 2016 and the "EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa" established in 2015 and worth over €5 billion.
[3] A. Merkel, "Pressekonferenz von Bundeskanzlerin Merkel und dem Ministerpräsidenten der Republik Ungarn, Viktor Orbán", Sopron (August 19, 2019).
[4] D. Benček and C. Schneiderheinze, "Higher Economic Growth in Poor Countries, Lower Migration Flows to the OECD: Revisiting the Migration Hump with Panel Data," Working Paper 2145, IfW, Kiel (2020).
[5] G.F. De Jong, "Expectations, gender, and norms in migration decision-making," *Population Studies* 54, no. 3 (2000): 307–319.

Figure 1 Migration preparations and economic expectations (country level)



Source: Gallup World Poll country-level data (2010-2015), 54 countries.
Notes: Plotted lines are weighted averages (solid) and a linear fit (dashed) of the proportion of people that prepared for migration.
Only low-income and lower-middle-income countries (World Bank definition).
Due to consistently high economic growth rates and despite low income levels, Rwanda's actual expectations ratio does not fit the scale of this plot. With significantly less than 10 percent of the population stating negative economic expectations in most years the average ratio is 13.9.

We use recent data from the Gallup World Poll (2010–2015), an annual, nationally representative survey conducted in developed and developing countries worldwide, to highlight the link between migration preparations, local economic expectations, and household incomes per capita. Migration preparations, based on individuals saying that they have made concrete plans to migrate, is an excellent ex ante indicator for actual emigration.[6] Individual expectations for the local economy are obtained through the following question: *Right now, do you think that economic conditions in the city or area where you live, as a whole, are getting better or getting worse?* This question is insightful because it captures individual information about local economic developments that goes well beyond national GDP growth variables and is arguably highly relevant for decision-making.

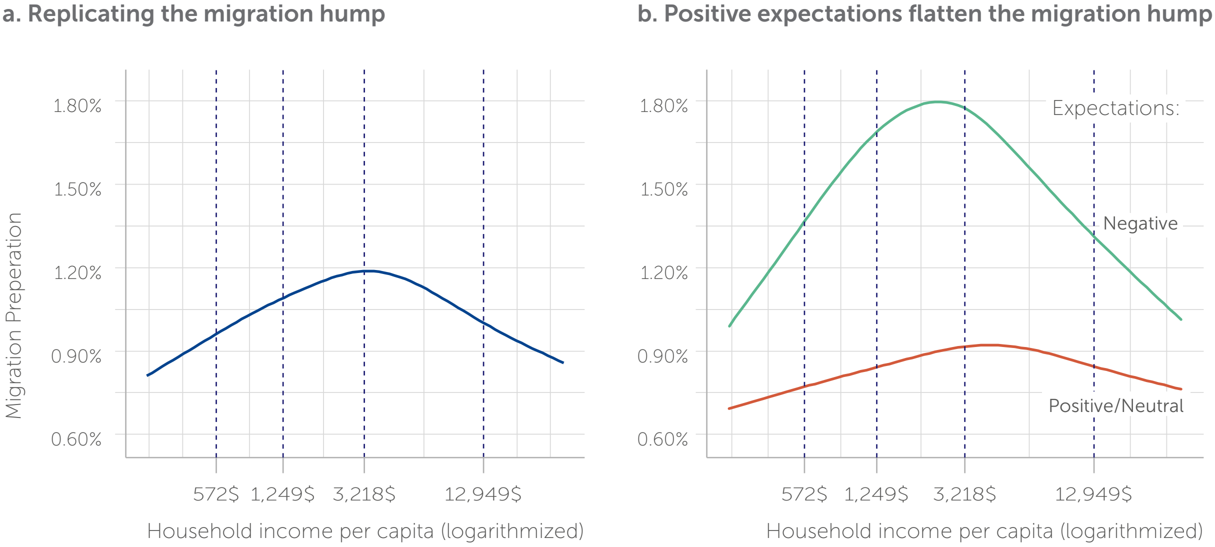
Figure 2 (panel a) shows the proportion of individuals who prepared for migration as a function of household

East Africa—A brief case study

In most East African countries, we observe the described negative relationship between economic expectations and emigration propensities. Ethiopia and Rwanda, for instance, have experienced high growth rates in the last decade, which are mirrored in residents' positive expectations about the local economy. It follows that in both countries, few people are preparing to emigrate (0.35 and 0.7 percent respectively). In countries such as Uganda, Malawi, and Kenya, people's stated economic expectations are less positive and migration preparation rates are two to five times higher, despite on average having rather similar income levels. Overall, while other factors are certainly important as well, East African countries generally show that positive economic expectations reduce emigration substantially.

[6] J. Tjaden, D.Auer, and F. Laczko "Linking Migration Intentions with Flows: Evidence and Potential Use", *International Migration*, 57, no.1 (2018).

Figure 2 Economic expectations and the migration hump



Source: Gallup World Poll micro-level data (2010-2015).
Notes: Plotted lines are weighted averages of the proportion of people that prepared for migration. 152 countries, 642,319 observations. Vertical lines refer to median household incomes per capita in low-income, lower-middle-income, upper-middle-income and high-income countries respectively (World Bank definition). Richest and poorest five percent omitted and only working age population.

income per capita. As expected, the blue curve replicates the migration hump. The GWP data support the claim that, **in the long run, development (proxied by per capita income) is indeed associated with more emigration initially and less emigration eventually.**

Yet, figure 2 (panel b) also reveals that the migration hump is mainly driven by individuals who expect their economic environment to deteriorate. For people with negative expectations, the migration hump is both more pronounced and at a much higher level, while it almost disappears for people with positive or neutral expectations. Hence, migration could be reduced if more residents of the Global South had well-founded and stable positive expectations. This can be illustrated by the example of Sub-Saharan Africa: if economic progress induces 10 percent of the residents with negative expectations to shift to positive expectations, migration preparations would be about 4.5 percent lower. By comparison, increasing the average household income in Sub-Saharan Africa by 10 percent only increases the migration propensity by about 2 percent. **Accordingly, if expectations can be raised alongside economic development, higher income need not lead to more migration.**

Moreover, economic expectations are likely to be more responsive to policies and short-term local developments than to income levels or other long-term processes. Consequently, policy makers who aim at reducing migration pressures are well advised to create opportunities for local economic development. By providing better prospects for local populations, migration pressures can be mitigated effectively. Still, it is important that policies live up to their promises. Fuelling false expectations that later result in disappointment has detrimental effects.[7] Development cooperation that credibly and sustainably raises people's economic prospects and expectations in developing countries can help to align the goals of poverty alleviation and migration reduction.

[7] D.E. Bell, "Disappointment in decision making under uncertainty," *Operations research* 33, no. 1 (1985): 1–27.

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PROF. DR. TOBIAS HEIDLAND
Head of International Development
tobias.heidland@ifw-kiel.de

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Kiel Institute for the World Economy
Kiellinie 66, 24105 Kiel, Germany
Phone +49 (431) 8814-1
Fax +49 (431) 8814-500

Editorial Team:
Prof. Dr. Tobias Heidland (responsible for content, pursuant to § 6 MDStV),
Prof. Dr. Matthias Lücke, Dr. Martin Ruhs, Melanie Radike.

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