

## 4. A country-of-origin perspective: migration decisions, development assistance, and how migrants help to shape values at home

**T**he flows of migrants that we observe are the outcome of ongoing decisions by millions of individuals and their families on whether to migrate or not. Potential migrants weigh the benefits of migration (tangible and intangible) against the cost (again, tangible and intangible). Similarly, migrants and their families decide whether to stay in their host country or return home, and how much time and money to invest in tangible and intangible assets specific to their host and home countries.

If policies to manage migrant flows (chapter 2) and promote the economic and social integration of migrants in host countries (chapter 3) are to be effective, policy makers must take into account the way migrants make these decisions. In section 4.1, we review the relevant theoretical and empirical literature and point out implications for the current debate on asylum and migration policies in Europe. Specifically, we ask how rising per-capita income affects emigration from poor countries and how potential migrants are likely to react to the fortifying of borders between poor and rich countries.

In the ongoing public debate on immigration in Europe, there are often calls for development assistance to be re-invented to eliminate the underlying causes of migration from poor countries. In section 4.2, we draw on our understanding of how individuals and families decide whether

to migrate (section 4.1) to review the complex linkages between migration, on the one hand, and development assistance, financial remittances sent by migrants, and other financial flows to developing countries, on the other hand. We also discuss the challenges inherent in recent EU aid programs that target measures to reduce irregular migration by the recipient countries.

Many migrants maintain close links with family and friends in their countries of origin, even while their economic and social integration is progressing well in their host countries. This situation of having close economic and social links in two societies has been characterized as migrant transnationalism. Apart from financial remittances to family and friends, transnationalism also leads to ‘social remittances’: the transfer of values that migrants acquire in their host countries, to family, friends, and society at large in their countries of origin. We review the research literature on when and how migration may affect fertility behavior, the social status of women, and political attitudes in migrants’ countries of origin (section 4.3). This analysis helps us to better understand the ties that bind migrants to their countries of origin and destination, and hence migrants’ decisions on where to live. Furthermore, by changing social and political values and institutions in countries of origin, social remittances are potentially an important channel through which migration affects development.

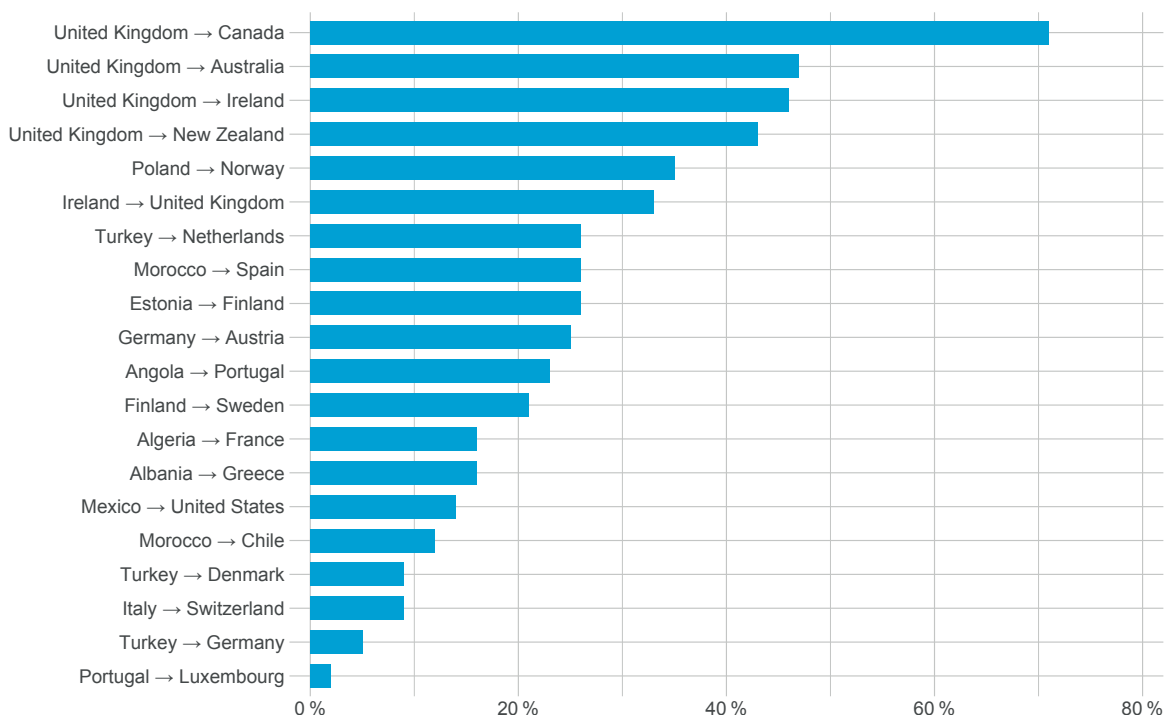
# 4.1 Determinants of migration: Who leaves, who arrives, and what drives their destination choices?

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The process of migration starts when individuals decide to leave their country of origin – either because their lives are not safe and they seek protection abroad (forced migration), or because they look for better economic opportunities (labor migration). Individuals do not make such decisions alone. The cost of migrating may be borne by family and household members and emigrants are often expected to reciprocate by sharing their future higher incomes abroad with relatives back home through regular or one-off remittances. Living conditions at home, earnings opportunities abroad, and the immigration policies of potential destination countries all affect whether individuals decide to emigrate and where they go.

We need to understand how potential migrants make these decisions because the process has a major impact on the present and future number of migrants as well as their socioeconomic characteristics. For example, while 31 percent of immigrants ages 15 and older in the U.S. had at least some college education in 2011, this share was 22 percent in Germany and only 12 percent in Italy (own calculations based on the OECD Database on Immigrants in OECD Countries, DIOC). Figure 4.1 shows that the largest bilateral migrant stocks differ considerably in the share of highly skilled migrants. The socioeconomic characteristics of immigrants affect their labor market and social integration and have important implications for possible policy interventions and even for internal security in destination countries.

**Figure 4.1** Share of highly skilled migrants among the bilateral migrant stock, 2010  
most important stock per destination



Source: Own calculations based on IAB brain-drain data (Brücker et al. 2013).

Such differences in the composition of immigrant populations are the result of both migrants' decisions and destination country policies. Immigrants who arrive in a destination country will have made several choices: They will have considered staying in their country of origin, but have ultimately decided to leave. They will have advanced from the stage of merely considering the possibility of emigration to making specific plans to actually moving to a destination country. They will have decided whether to migrate legally or illegally. Once in the destination country, they may have considered staying for a longer time but, due to changing circumstances or new information, may have decided to migrate on. All these decisions are taken under binding constraints, especially the immigration policies of potential destination countries, such that desirability and feasibility often do not overlap.

### Determinants of migration and destination choice

Migration decisions consist of two steps: 'self-selection' and 'sorting'. Self-selection describes the process through which some members of a society decide to become emigrants, while the majority stays behind. Sorting describes the choice of destination. These two decisions are of course taken simultaneously; therefore, many determinants affect both the number of emigrants and the choice of destination. In order to assess how policies influence migration, it is thus important to always consider the impact on both self-selection and sorting.

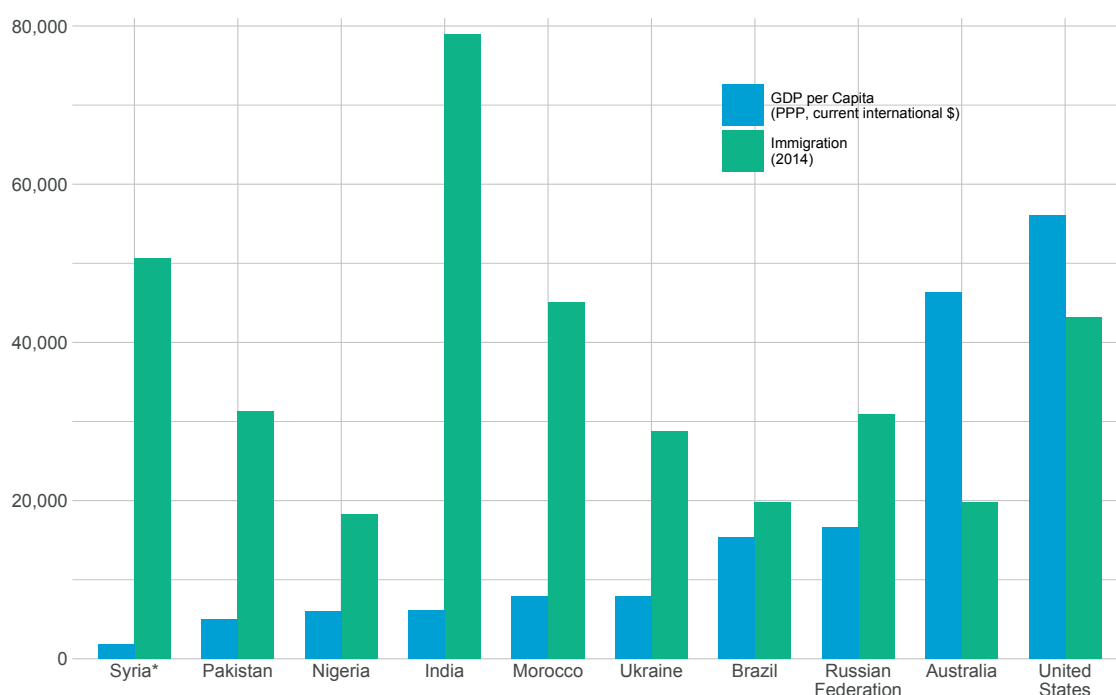
Traditionally, determinants of migration have been categorized as push vs pull factors (Lee 1966). On the one hand, factors in the country of origin that increase the likelihood of people leaving are said to 'push' people out.

On the other hand, factors that make potential destination countries attractive 'pull' a prospective migrant to a destination. This framework, however, is incomplete. Positive developments in the country of origin can make it more attractive to stay and likewise, a destination can become less attractive over time. A better way of conceptualizing the migration decision is as a **subjective cost-benefit comparison** that takes into account many factors, including possible barriers to migration (such as restrictive immigration policies) and the cost of overcoming them. Furthermore, the costs and benefits of migration heavily depend on individual factors, such as education, language skills, personal networks, and the distinct social and economic prospects in the home country. Merely studying push and pull factors at the country level without considering migrants' individual characteristics would lead to an incomplete analysis with little explanatory power.

By contrast, in an individual cost-benefit model, prospective migrants not only compare their current situation with that in one destination country but also take a considerably more complex decision. **Potential migrants compare their expected utility in their country of origin with that in a set of potential destination countries.** At a given point in time, their migration propensity is determined by the benefits and costs of moving to the subjectively most attractive destination country. This is the basic utility maximization framework.

Many destinations will not be seriously considered because they are too unattractive or potential migrants do not have sufficient information about them. In this context, attraction is defined broadly to include country-specific policy-induced and psychological costs.

Figure 4.2 GDP per capita of 10 major countries of origin, 2014 immigrant flows



Sources: Own calculations based on data from Eurostat. \* For Syria, no PPP estimate is available.

**Financial migration costs** affect both self-selection and sorting. If migration cannot be financed to any destination, emigration becomes **infeasible** for the very poor. Yet typically, financial costs only restrict the set of reachable destinations. With increasing income levels, the absolute importance of financial migration costs for emigration as well as sorting decreases. **Psychological costs**, for example the separation from family and friends or the feeling of not ‘belonging’ to the society at the destination, at least initially, are largely unmeasurable – yet many migration researchers consider them to be far more influential than the financial cost of migration. As a result of modern communication technology, psychological migration costs are lower than in the past. Still, they may be crucial for the choice of a specific destination country and for the decision between circular and permanent migration. Psychological migration costs are probably related to income in a similar way as workers’ valuation of leisure: with higher income, financial migration costs become less important, but psychological costs remain highly significant. Nevertheless, as Figure 4.2 shows, income and income differences between origin and destination explain far less of the variation than many in the public would believe. Other factors such as the absolute size of the country of origin and many country-specific factors that we discuss below are also part of the story. Also, the composition of the top 10 countries of origin of migrants to the EU is far from the perceptions conveyed in the media, policy debates, and public discourse in general.

Individual costs and benefits of migration depend significantly on characteristics shared between the migrant and the potential host-country populations. **Shared languages and culture** lower the cost of migration by facilitating labor market and social integration; they often explain why a particular, far-off place is the favored destination of emigrants from a particular country. Even between linguistically and culturally very different countries, bilateral migration can be high if family members, friends, acquaintances, or other co-ethnics have already settled in the destination country. Such migrant networks transmit information about specific destinations to their nodes in other countries and thus improve access to information. Furthermore, they allow emigrants to cope without knowledge of the host country’s language, may provide shelter, and often make it easier to find the first job after arrival. **The foremost impact of networks is thus on sorting**, by making one destination (maybe even a particular location within a destination country) far more attractive than all others.

Within the specific, bilateral, origin–destination country pair, the decrease in migration cost and the higher chance of finding employment owing to the presence of a personal network can tip the scale for an individual toward migrating. Over time, well-established networks thus attract ever less highly self-selected migrants. Network effects mean that large, idiosyncratic inflows of immigrants can have implications for bilateral migrant flows for decades afterward. One example is immigrants from Turkey in Germany – countries that share neither a common border nor language. By channeling remittances, trade, and investment, such longstanding ties can bind different countries together in ways that go far beyond hosting bilateral immigrants.

In contrast to the costs of migration, the potential benefits depend far more on **differences in country characteristics**. Traditionally, **income differences** between two countries are viewed as the key motivation for international migration. Other things being equal, a migration-induced increase in disposable income clearly raises a destination’s attractiveness. However, research has shown that for many migrants, absolute deprivation and low levels of **local amenities** play a crucial role for the decision to leave home and can be more decisive than country differences in income. For example, local amenities, such as public service provision, governance, and security, explain more of the migration decision in developing countries in Africa, Asia, and South America than income (Dustmann and Okatenko 2014). Hence, low subjective well-being in the country of origin is considered a good indicator for emigration intentions (Cai et al. 2014) and heavily influences self-selection.

The way country differences play out in the migration decision highly depends on **migrants’ individual characteristics**, such as education or language skills. Generally, more educated individuals are more likely to migrate. This is because the level of education positively affects the employment opportunities and expected wages in the destination country and consequently increases the benefits of migration. On average, migrants are thus positively selected from their country of origin. In addition, there is positive sorting: countries differ in their financial return to education because of the sophistication of their economies, the relative supply of workers of different skill levels, and taxation. A country with higher returns to skills thus attracts more positively self-selected immigrants (Grogger and Hanson 2011). While sorting is heavily influenced, the influence of education on emigration intentions should not be overestimated. Income differentials between the developing and the rich world are so large that even low-skilled workers, who may have difficulty finding jobs in advanced economies, can multiply their real incomes through migration (Clemens et al. 2008).

Higher education is an important prerequisite for **migration to many destinations**, though. In many countries, immigration policy conditions legal access on higher education while illegal migration is often unattractive. In such cases, education may be the crucial factor that makes migration feasible and thereby affects the incidence of migration, the choice of destination, and the choice of status (legal or other).

Prevailing constraints on legal migration are binding for most aspiring migrants and function like a filter. For those who do not qualify for (legal) immigration to any rich country, other countries in the developing or emerging world might be accessible, but not attractive enough. Particularly in the case of points-based immigration regimes, such as Canada’s, a disproportionately high share of the immigrant population exhibits those visible characteristics that are targeted by the system. Many other would-be immigrants only have the option of **illegal immigration** or trying their luck as an asylum seeker. This is why countries in Europe with higher barriers to legal immigration also see higher numbers of illegal entries and why countries that deny a higher proportion of asylum claims have more illegal stayers (Czaika and Hobolth 2016).

Finally, three factors are all too often omitted when analyzing migration flows at the macro level – information, uncertainty, and the planning horizon. They are crucial because they determine how individuals weigh all the factors that influence their migration decision against each other.

First, if **information** is scarce, expectations of the costs and benefits associated with migration may be far from the truth (see Box 4.1). With limited knowledge of possible destinations, migrants will consider a smaller set than they could actually access. Individuals with little information may also decide broadly that migration seems attractive to them and only then start considering absolute as well as destination-specific constraints. Such a two-step decision process could explain why many more people state a willingness to migrate internationally than follow through with their plans within a reasonable period of time (e.g. Docquier et al. 2014).

Second, another reason for relatively low rates of emigration (compared with the number of people who stay) is **risk**. Income as well as overall well-being abroad is uncertain, which makes migration less attractive particularly for the risk averse.

On the other hand, emigration may be motivated by a desire to diversify risks faced in the country of origin. In most developing countries, extended families function as the relevant economic units, sharing large parts of their incomes and collectively deciding about economic matters. In this context, migration by individual family members may help to diversify income risks and thus improve the well-being of the extended family. Particularly in rural areas in developing countries, sending family members to urban areas decreases the detrimental consequences of negative shocks to agriculture, and thus reduces the risk of hunger and deprivation. If risk reduction is the main motive for sending a migrant, this person may not be the one with the highest expected earnings at the destination. This is among the insights from the so-called ‘New Economics of Labor Migration’.

Nevertheless, families typically do not go over the heads of the affected individuals when they take migration decisions. The potential migrant’s personality also matters. Risk-averse individuals are more likely to shy away from uncertain outcomes abroad than those who are more tolerant of risks. Therefore, the absolute and relative levels of risk involved in reaching each possible destination affect self-selection and sorting and, hence, the average characteristics of those who arrive. On the other hand, in a high-risk environment in the country of origin, such as during a civil war, self-selection may run the opposite way, as the most risk-averse people may be the first to leave.

Third, migrants not only consider the present but also have a **planning horizon** that may extend to their children and thus go well beyond an individual’s lifetime. Expected outcomes in the country of origin and at possible destinations are also likely to be considered well into the future. It may therefore be rational to migrate from an existing job at home into unemployment abroad, if the expected probability of finding a job in the destination country at a higher wage is sufficiently high.

Migration is thus an investment that has to pay off over the life cycle; as a result, the expected benefits of migra-

tion loom larger for the young. A country that provides a long-term perspective for immigrants, such as a firm prospect for permanent residency, can expect to attract immigrants who are well motivated to spend time and effort to integrate into the labor market and into society at large, to build a business, etc. By contrast, if the legal status of immigrants is insecure a country will attract primarily those who are interested in quickly earning some money, without much longer-term attachment to the country.

In combination with the perspective of the new economics of labor migration, these three factors explain why the recent wave of refugees and other immigrants to Europe consisted largely of young men, some with very misguided expectations of life in Europe, who paid high fees to people smugglers to enter the EU irregularly, while most national labor markets in the EU are not legally accessible for most of the world’s population.

### The special case of forced/refugee migration

Forced migrants (or refugees) merit a separate discussion because their motives differ from labor migrants and they often arrive in a host country suddenly and in relatively large numbers (as in the EU during 2015). Refugee status may be based on either persecution (political, ethnic, religious, or related to sexual orientation) or violent conflict in the country of origin (subsidiary protection). Leaving aside mixed migration (i.e. a combination of economic motives and persecution), refugees differ from other migrants in that they perceive remaining in their home country as very risky. That risk may be thought of as a negative component of their migration cost (i.e. reducing the total cost). As a result, refugees become less and less self-selected, the higher the risk of remaining in their country of origin (see Chin and Cortes 2015).

In some circumstances, such as persecution for political opposition, this risk is individual; in other circumstances, such as a civil war, the risk affects most of the population. In either case, there may be no expected wage gain or other economic improvement through moving abroad. Quite to the contrary: refugees living in camps or simply squatting often have to sell any remaining assets to survive, especially if host countries limit labor market access.

Most refugees are hosted by developing countries. Many refugees around the world depend on humanitarian assistance but especially in less publicized crises there is often little outside support. In such cases refugees are far from passive. With few formal labor markets, they may be actively rebuilding their lives, integrating economically with the host population without depending on humanitarian assistance from host societies or international sources (Betts et al. 2014). This can spark competition but there can also be winners in the host population, for example farmers facing increased demand for their produce.

The economic perspective does not play a major role in determination of the first country of refuge; what matters is distance and accessibility. Even common languages or historical ties are not statistically robust predictors for the sorting of refugees (Echevarria and Gardeazabal 2016), not least because of national migration and asylum policies.



#### Box 4.1 Information sources, the quality of information and migrants' expectations

**A**ncedotal evidence, such as the quote above, suggests that often a migrant's expectations at the time of the move are not met in reality. The mismatch between expectations and realization is a consequence of unrealistic and/or false expectations based on inaccurate information about life conditions and earning potential at the destination.

Potential migrants may have access to several sources of information. The socioeconomic behaviors of visiting immigrants might give non-migrants a false impression of life abroad. For example, by consuming lots of goods that indicate high social status, such as expensive clothing, visiting immigrants may wrongly convey signals of high returns associated with the migration experience to family and friends at the home location (Gmelch 1980). Media also seems to play a crucial, though a priori ambiguous, role in informing potential immigrants. Mai (2004) finds that Albanians' overoptimistic perception of the lifestyle and wealth in Italy was highly influenced by what was shown in Italian television programs, while Farré and Fasani (2013) argue that information gathered from television broadcasting enabled internal migrants in Indonesia to make a more realistic cost-benefit analysis of migration. A more direct channel of information to potential migrants is the network of parents and relatives living in the country of destination. In principle,

***I came to America because I heard the streets were paved with gold. When I got here, I found out three things: first, the streets weren't paved with gold; second, they weren't paved at all; and third, I was expected to pave them.***

Anonymous Italian immigrant at Ellis Island, New York, in the early 1900s

networks have some knowledge of the local context, including labor market conditions and wage prospects. The better migration networks are integrated within the local context, the more they are able to convey accurate information to their network members who are willing to migrate (Elsner et al. 2014).

To date, aspiring migrants' ability to correctly predict the outcomes of their migration remain little studied. A case study on Tongan immigrants in New Zealand suggests they underestimate potential wages in New Zealand (McKenzie et al. 2013). By contrast,

Hoxhaj (2015) studies illegal immigrants from 55 origin countries who crossed the Italian borders in 2003. This study finds that 84 percent of them overestimate the potential wage they could earn in Italy. Obviously, an overoptimistic expectation of possibilities abroad can be financially detrimental because it can cause

bad financial decisions. Also, it can have serious implications for migrants' psychological situation if they see themselves undershooting their expected outcomes. Both financial and psychological aspects can result in 'failed migrations', i.e. situations where outcomes turn out far worse than the migrant had expected or hoped for. Measures aimed at informing potential migrants might considerably reduce such failed migrations and also lower the migratory pressure experienced by destination countries.

If refugees see no long-term perspective for themselves in their country of first asylum (or current living conditions are simply too bad), they may seek to move to another host country that offers better conditions in the medium to long run. One recent example was the widely used migration corridor from Syria first to Turkey and then onwards to Sweden or Germany (see also Box 4.2 below). Such intermittent flight blurs the distinction between refugee migration and other forms of migration. The decision to leave the country of first asylum (in our example, Turkey) again gives rise to self-selection and sorting. Those who move on are likely to be positively self-selected with respect to (remaining) wealth and labor market prospects in the final destination country. Families are often unable to fund onward migration for all members and will therefore invest in the migration of one member who they deem most likely to survive the hardships of a risky journey, find work, and sponsor family migration. If unaccompanied minors receive a more secure legal status in potential host countries than other asylum seekers, this may

tip families' incentives toward choosing a young member for secondary migration who can credibly claim to be underage. As a result, the forced migrants who remain in the country of first asylum are often the most vulnerable, which represents a challenge to the ethical foundations of the current European asylum system.

#### **Will everybody leave sub-Saharan Africa to realize higher incomes?**

Increasing international migration is often considered an inevitable consequence of globalization. Facilitated by advances in communication technology, social, economic, and cultural ties across national borders are multiplying. They help to spread information, thereby reducing actual and perceived migration costs and making emigration more desirable and more feasible for many individuals.

Yet, immigrants are regarded with reservations in many societies. Stated reasons include increased competition in the labor market, foreign infiltration, and security (see chapter 3.2). In this context, it is often argued that with-

### Box 4.2 Germany's recent refugees

In 2015, close to 900,000 refugees and other migrants arrived in Germany as part of the “refugee crisis” (simply called refugees in the remainder of this box). In total, about 2 million foreigners moved to the country and over 800,000 left. In absolute terms, this inflow of 900,000 people was the largest number of new refugees in any EU member state. In most publicly available data sources, refugees are usually not distinguished from other immigrants. However, several German institutions have jointly conducted a detailed study that allows some conclusions on how self-selection and sorting have led to the large inflow of refugees (IAB 2016).

The four largest groups of recent refugees, accounting for two-thirds of the total, are Syrians, Afghans, Iraqis, and Eritreans. A large majority of the respondents report fear of violent conflict or war as a reason for initially leaving their country of origin (70 percent), followed by persecution (44 percent), but also economic motives such as poor personal living conditions (39 percent). Thus, most refugees indicate motives based on upon which they could be granted asylum or subsidiary protection. Notably, the majority of refugees did not flee directly from their country of origin to Germany: of those from Syria, Iraq, and Afghanistan, only about 60 percent came to Germany directly while the rest spent at least three months in a transit

country. The majority moved on from the transit country due to poor living conditions (reported by 55 percent of those who originally planned to stay there) or poverty, although discrimination, persecution, and a second displacement experience were also reported. More than two-thirds of interviewees said that respect for human rights was a reason why they chose Germany; more than 40 percent respectively reported that they were attracted by the German education system and the expectation that they would “*feel welcome in Germany.*”

This example shows quite clearly that conditions in the country of first asylum largely determine secondary migration, which is often driven by economic desperation. Moving to Germany from transit countries (mostly Turkey) involved high expenses on people smugglers, a considerable risk of drowning at sea, and very widespread experiences of fraud, economic exploitation, physical violence and, particularly for women, sexual violence. The large demand for smuggling services, however, reduced the cost for the individual by inducing more people to offer smuggling services or by creating the opportunity to reap economies of scale and probably also decreased the risk per individual, such that the share of young men among refugees in 2015–16 was lower than in earlier waves from the same countries.

out tighter restrictions and border controls large parts of the developing world would migrate to the richest nations to enjoy higher living standards. Judging by differences in available income alone, it is surprising that so few people from poor countries attempt to migrate to richer countries. In the Gallup World Poll, respondents are asked whether they would, under ideal circumstances, like to migrate to another country permanently. In 2010–12, for which data are available, only 7 percent responded positively to this question in Rwanda and only 10 percent in Mozambique in spite of large differentials in living standards compared with the rich world. Since the financial costs of migration are ruled out by the hypothetical ideal scenario set by Gallup’s interviewers, the psychological migration costs stemming from the preference to remain ‘home’ and the satisfaction of people with their current and expected livelihoods must be the main factors keeping the willingness to migrate low. Countries with similar income levels to Rwanda and Mozambique at the time, for example, Burkina Faso and Liberia, had a reported willingness to migrate of 28 percent and 50 percent of the population, respectively (Esipova et al. 2014). Why such large differences? While pointing out individual factors is difficult without a proper causal analysis, which is hardly feasible at the country level, one reason may be different economic outlooks. Rwanda was economically developing and fast improving amenities while Burkina Faso’s economy was largely stagnant. Post-conflict Mozambique and Liberia shared similar income levels and growth rates but the experience of civil war was far more present in Liberia. In addition, satisfaction with government and lib-

erty can play an important role. In total, all sorts of private motives for not wanting to migrate add up to a considerable implicit cost. Docquier (2016) points out that the number of aspiring migrants in the hypothetical Gallup scenario is still six times smaller than what a model of wage equalization without migration barriers would predict. Still, this would indicate a more than threefold increase compared with current migration flows.

While large shares of the population seem to be willing to emigrate, if asked in the Gallup poll only a small segment of these respondents plan to migrate in the next 12 months and ever fewer have made concrete preparations as is shown by other questions in the Gallup survey. Why this inertia? For one thing, psychological costs like leaving one’s family become salient when thinking about migration; for another, the infeasibility of legal migration due to financial constraints and legal barriers is often apparent to an aspiring migrant.

Furthermore, the possible improvement in well-being by migrating is not only a matter of absolute costs and benefits. An individual’s relative income position in a society also affects her well-being/utility and thus the subjective benefits of migration. Most people are willing to give up absolute income for a higher relative position in the income distribution. Mujcic and Frijters (2013) show in an experimental setup that the average migrant from Mexico to the U.S. would require a permanent annual income gain of about \$10,000 (or 70 percent of the initial average income) just to make up for her lower income rank in the U.S. This effect is likely to be particularly significant

for potential emigrants who are relatively well-off in their country of origin (and hence have the necessary resources to migrate) but would end up as low-skilled workers in the country of destination (and hence at the bottom of the income ladder).

In general, rising living standards in developing countries can both spur and deter out-migration. Therefore, the direction of impact is related to the initial standards of living. For very poor households increasing incomes relax the financial constraint, and thus make migration feasible (or enhances the set of feasible destinations). Apart from that, any improvement in well-being creates incentives to stay in the homeland, as the opportunity costs of migration increase and the net benefits of migration diminish. At higher income levels, income differences in relation to richer destination countries are often not sufficient to make up for risks and psychological costs. The consequence is a hump-shaped income-migration relationship, as depicted in the stylized relationship in Figure 4.3, which is based on empirical work by authors such as Clemens (2014). Even though the issue has not yet been conclusively researched, there is evidence that migration due to income differences does not imply full convergence of incomes. Rather, migration rates decrease at relative income levels of 1:4 or 1:3. In societies or groups that are not constrained in their migration decisions by financial means, external shocks such as civil conflicts, natural disasters, or economic crises potentially lead to stronger emigration responses.

Given improving living conditions in the developing world (at least on average) (World Bank 2016), the high risks associated with the migration decision, strong preferences for a high relative income, and the substantial psychological costs of migration that have a positive income elasticity, the benefits from migration must be extensive to justify a move. In consequence, for the vast majority of households expected utility is higher at home and they decide against migration independent of the immigration policy regime. Given the large numbers of households that are financially constrained though and the relatively low share of actual international migrants from sub-Saharan Africa so far (section 1.1), relaxed financial constraints due to economic development could increase the absolute number of migrants who actually follow through with their willingness to migrate under hypothetical circumstances, even if they remain a small share of the population of their country of origin. The decreasing effect of higher income levels will only be reached after a long time of sustained convergence with the rich world and most people in sub-Saharan Africa are nowadays on the upward-sloping parts of the graph in Figure 4.3.

While improving the current economic condition in the country of origin is thus unlikely to decrease migration in the short run in its own right, supporting countries in achieving better economic and social trajectories is a far more promising way to decrease migration pressures from sub-Saharan Africa in the future.

### Border walls and their likely effects

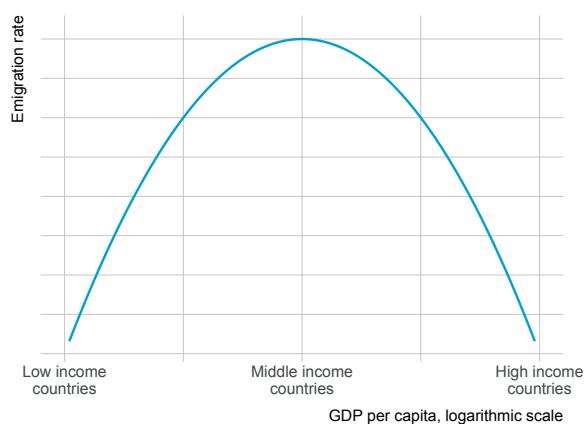
Recently, perhaps the most visual form of increasing migration costs for undocumented migrants – the building of walls and fences – has regained popularity among

policy makers in Europe and the United States alike. In 2015–16 several European borders were fortified or fences were about to be built at Calais and other borders: Hungary-Serbia, Hungary-Romania, Hungary-Croatia, Slovenia-Croatia, Austria-Slovenia, Austria-Italy, Macedonia-Greece, Latvia-Russia and Estonia-Russia (Cosgrave et al. 2016). At the same time, President Donald Trump is pursuing an extension of existing border walls and fences at the southern border of the U.S. For many, building a wall at the national borders is the most appealing way to curb illegal immigration, to regain control over entry, and to improve security. The universal rationale for building a physical wall is to avert the perceived and actual negative consequences of illegal immigration with respect to the economic and security concerns of nationals. At the very least this requires a border wall, which we will use as a placeholder for all similar obstacles in this section, as an effective way of stopping people from using a particular route, thus making assumptions that it is not easily crossed and is costly in terms of building, maintenance, and patrolling. Often, little thought goes into the effects such a border wall can have beyond reducing the absolute number of immigrants in the short term.

It has repeatedly been shown that even very strict immigration policy regimes cannot prevent migration if they are poorly implemented and not coordinated with other policies. Instead, very restrictive immigration policies rather change the path and composition of migration (Massey, Pren, and Durand 2016; Cosgrave et al. 2016). Building a wall will mostly affect sorting by diverting flows. Increasing barriers to migration on one route usually shifts the flow of migrants quickly toward the second-best entry route (Gilman 2008).

For a whole region such as the European Union to discourage someone from illegally crossing its border by putting up a wall, the financial and non-financial costs to potential migrants of crossing any section of the external border need to become prohibitively high. This will require large expenditures and effective implementation

**Figure 4.3 Stylized hump-shaped relationship between emigration and GDP per capita**



Source: Own graph based on empirical work such as Clemens 2014.



in each and every member state on the external border. Otherwise, the member state where the external border is easiest to cross will become the main entry point and fortifying borders will simply shift border crossings from one country to another.

Naturally, the physical fencing of sea borders is impossible. Yet, some sections of the external EU borders are so difficult for migrants to reach that these can be policed relatively easily. However, sea borders that are difficult to protect, for example the central Mediterranean or the Aegean Sea, require considerable investment and a coordinated approach. In these places, creating borders that are impassable for irregular immigrants will only succeed by coordinating with the governments of potential launch points of people smugglers' boats.

Making borders less permeable will also have an effect on the choice of **migration channels**. If there are ways of entering the destination country legally, these will come into higher demand. Yet, legal options are not available for most of those shut out by a border wall. If there are no legal options, there will be more overstayed visas as well as overt and covert illegal entries. Since many of those who would consider overstaying visas will never get one in the first place, building land-based walls is likely to further increase the attractiveness of the highly risky sea route.

Generally, the more difficult a border is to cross, the higher will be the share of the expected benefits of migration for the migrant that ends up with the people smugglers or traffickers who help the migrant cross the border. The higher the defenses, the more of the business of facilitating illegal border crossing will move from small scale people smugglers to organized crime. Thus, a successful coordinated policy approach not only requires investment in border protection and coordination with Neighborhood countries, but also a strategy to address serious criminal activity that may become more prevalent while border crossings decline.

What about self-selection? By closing off easy routes to enter the destination illegally there will be an increase in the migration cost and in the involved risk. This will make the particular destination less attractive. If the border and all alternative ways of entry were effectively closed, which is very difficult and expensive (e.g. Cosgrave et al. 2016), this would lead to a decrease in illegal immigration. If other destinations exist, the emigration rate of a country might not change much, though. There will only be an impact on the emigration rate if there are no other attractive or feasible destinations.

While self-selection may not be altered much, **sorting** most probably will. People who will still attempt the crossing of a newly reinforced border will be those with the highest expected benefits of crossing the border after considering all the involved expected costs and their alternatives. First, this group will consist of people overestimating the gains from reaching a particular country, i.e. especially those who are poorly informed. Illegal immigrants lacking information are unlikely to be a good fit with the destination country either economically or socially.

Second, this group will include those with actual high returns at the destination and, importantly, no better alternative. Given that illegal immigrants typically will not

receive a working permit, this restricts them to the informal sector. Work in the informal sector without any alternative to work in other countries that are easier to enter legally or illegally means that the person must have some country-specific skills or networks that facilitate finding informal work and will typically have a low education level. This in turn means that the share of migrants from already bilaterally important country origins and notably illegal family migration will play an important role. Among the remaining illegal immigrants, the relative weight of groups from countries from which a large diaspora with few outside options exists will thus increase. Those not discouraged by a wall will be more willing to take risks as well, altering the composition toward younger, male, and more desperate people. Especially refugees will be unlikely to be deterred but will take great risks, resulting in tragedies like the thousands who have drowned in the Mediterranean.

Without a reliable and sufficiently likely threat of being deported, however, crossing the wall in any possible way might still be considered a worthwhile investment. Only if the risk of deportation reduces the expected benefits of undocumented immigration sufficiently will aspiring migrants be discouraged from coming to a given destination country. The risk of deportation nonetheless comes with an immediate effect on sorting. For migrants who plan to settle in the destination country the possibility of deportation constitutes an enormous cost, while for migrants who rather look for short-term financial benefits through illegal or informal activities the expected benefits from migration may not be affected equally. Hence, while making a destination less attractive for the average migrant, such enforcement can have adverse side effects.

In the U.S., stepping up enforcement turned undocumented circular migrants from Mexico into a population of largely undocumented settled immigrants, without significantly reducing the likelihood of a first trip to the U.S. (Massey, Pren, and Durand 2016). The likelihood of return to the country of origin for current irregular immigrants falls because they will usually not run the risk of being unable to return to the US after a home visit. If there is no path to legalization, incentives prevail to keep separate from the host society rather than to integrate and risk deportation. This will reduce social cohesion and may lead to the emergence of problem groups made up of socially excluded, precarious outsiders who are locked-in in the destination country. If such a group is highly visible, and particularly if the group is associated with negative characteristics like high crime rates, this can have negative spillovers on legal immigrants from the same countries of origin or on other individuals whom poorly informed members of the majority population associate with the same group.

The act of building a wall will also have repercussions for the identity and perception of different groups in society. The implication of fencing off the outside world is that outsiders are a problem. This can worsen relations between the majority population and minorities, thus hampering the integration and assimilation of legal immigrants and creating divides between the majority population and second- or third-generation immigrants with some association with the same countries of origin. That could worsen integration outcomes. The building of walls also communi-

cates insiders' unwillingness to get involved with those beyond the wall. Especially for poorly informed migrants, the exclusion might even enhance the perception of desirability, further changing the mix of migrants.

A reduction in illegal border crossings due to a border wall will depend on effective implementation and coordination to shut down all alternative points of entry. As long as some entry routes remain open, border walls have been shown to fail their purpose of cutting illegal migration (Gilman 2008). Given the high estimated cost per illegal entry deterred, border walls are likely to be an inefficient use of money (e.g. Cosgrave et al. 2016). The reasons for this are manifold, involving not only legal and economic hurdles but also many practical issues involved in building and

maintaining physical barriers in difficult terrains. As irregular border crossings become more expensive due to a border wall, illegal entries will shift more and more towards overstayed visas, reliance on smugglers and traffickers, and migrants taking grave risks to reach their destination.

Thus, reducing the number of illegal border crossings by building walls is far more complex than it might appear and entails various financial and non-financial costs for migrants, destination countries, and societies at large. Considering all of these ramifications, physical border walls are likely to be ineffective in many contexts and prone to causing detrimental side effects. Other policy options may turn out to be considerably better deals if society wants to curtail illegal border crossings.

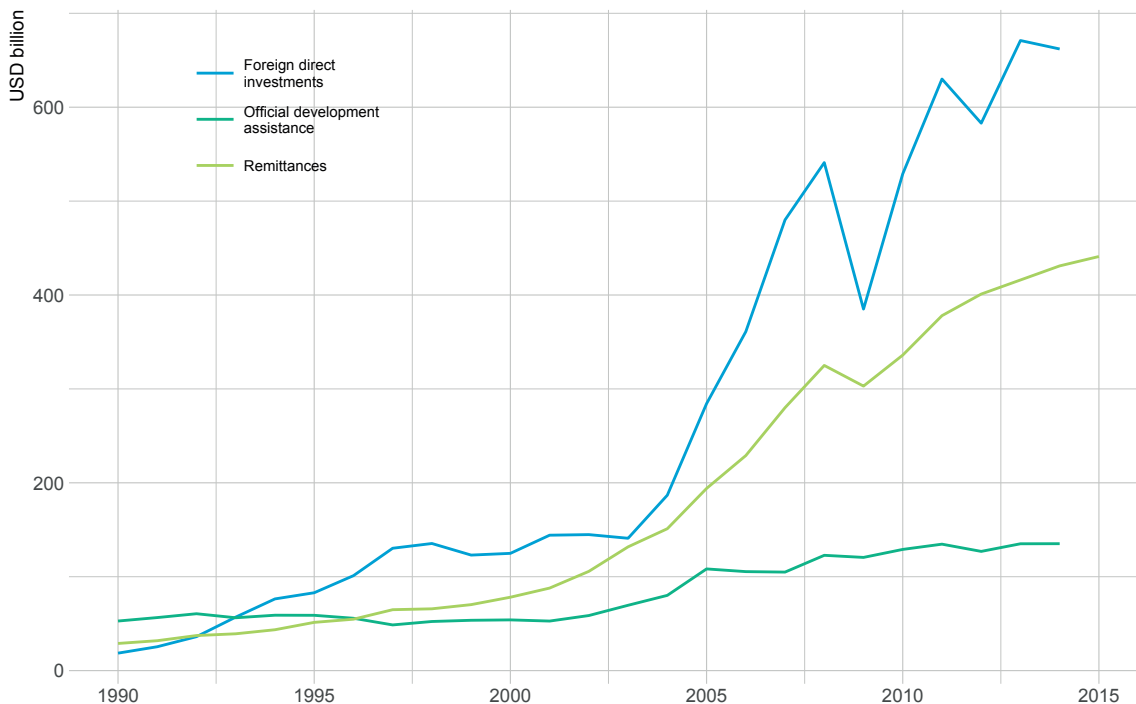
## 4.2 Can foreign aid affect migration decisions?

Lead authors: Mauro Lanati and Rainer Thiele

International migration is interconnected with other key aspects of globalization, such as international trade, foreign direct investment (FDI), and foreign aid. Migration policies cannot therefore be considered in isolation from trade policies, facilitation of FDI, and donor strategies. The aggregate flow of FDI to developing countries has

grown considerably since 2002 compared with ODA (see Figure 4.4). However, as clearly emerges from Figure 4.5, ODA still represents the most relevant source of income for the least developed countries (LDCs), as the ability of LDCs to attract flows other than ODA – despite the growth in private finance – remains very limited (OECD 2015).

Figure 4.4 FDI vs remittances and ODA flows



Source: Own elaboration based on World Bank 2016a (Migration and Remittances Factbook 2016: Third Edition. Washington, DC: World Bank) and OECD Development Assistance Committee (DAC) International Development Statistics (database).

This chapter provides an overview of the potential effects of foreign aid on international migration. The continuing importance of official development assistance (ODA) for a number of developing countries is not the only reason to focus on the aid-migration link. Unlike international trade and FDI, foreign aid is an area over which policy makers in OECD countries exert direct control, and is perhaps the most frequently mentioned policy option to affect migration decisions in destination countries (see section 4.1 for a detailed discussion of these decisions). The link between aid flows and migration is still relatively unexplored empirically. The fairly limited number of empirical studies on the aid-migration link is in stark contrast to the intensity of the current public debate in this area. As pointed out by Parsons and Winters (2014), the influence of ODA on migration flows “is an issue of some intrinsic interest, but its intellectual interest is dwarfed by its relevance to the policy debate over the last twenty years.” With the arrival of thousands of migrants on the southern European coasts, there is growing pressure on the European Commission and the most affected EU member states to find a quick way to effectively manage (and stem) the migration flows, and many see foreign aid as an essential part of the solution. Indeed, pledges to scale up aid to developing countries are now routinely accompanied by a statement that helping countries to develop gives their people an incentive to stay at home. In June 2015, for instance, the UK defense secretary declared that “*Britain needs to spend more of its budget on helping [to] stabilise countries so that it doesn’t have to ‘fish’ migrants out of the Mediterranean.*”<sup>1</sup> **But does foreign aid really help reduce migration flows?**

<sup>1</sup> See The Guardian, ‘Michael Fallon: UK aid budget should be used to discourage mass migration from Africa’, by Rowena Mason, June 21, 2015.

<sup>2</sup> The migration compacts currently being discussed at the EU level (see below) would constitute an exception.

<sup>3</sup> Note that for the income channel to work aid only needs to raise disposable household incomes, but not economy-wide growth rates. Hence, the highly contentious debate on the aid-growth relationship (see, for example, Rajan and Subramanian 2008) is not touched upon here.

### Indirect effects of aid on migration

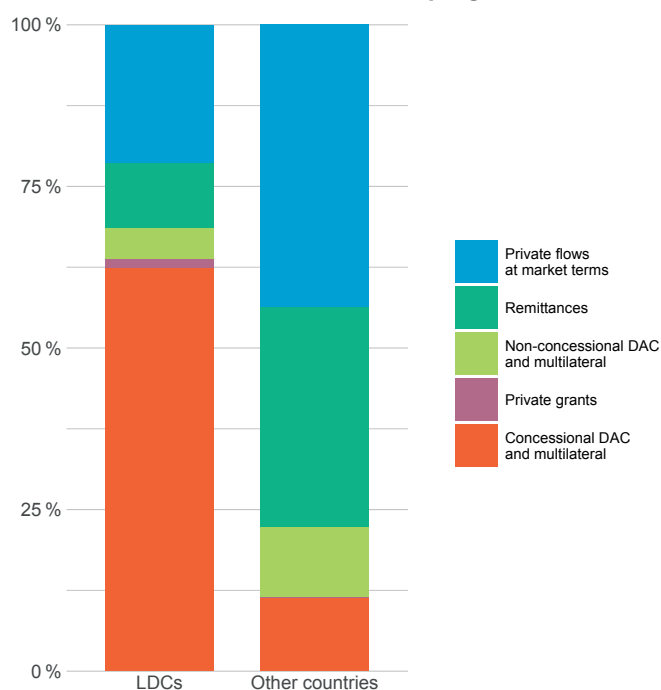
Theoretically, the impact of foreign aid on migration is subject to contrasting forces and its net effect is not clear cut a priori. In general, there is no direct link between aid and migration.<sup>2</sup> Aid is rather expected to affect the determinants of migration, most notably incomes in developing countries, the hypothesis being that aid raises disposable incomes and higher incomes in turn reduce emigration (**income channel**).<sup>3</sup> Aid might also influence other determinants of migration, such as the creation of networks or the impact that additional wealth might have on financing migration costs for a larger share of the population in the countries of origin (**budgetary constraint channel**) (Parsons & Winters 2014). This transmission mechanism would point in the opposite direction of aid-induced rises in migrant outflows, as loosening budget constraints make migration more feasible. Combining the two channels gives rise to the hypothesis of a hump-shaped pattern of migration (see chapter 4.1), which implies that at very low levels of income per capita, growth spurs migration by allowing poor migrants to better afford the migration-related costs (the budgetary constraint channel dominates), whereas at higher levels of income per capita the income channel becomes more and more important relative to the budgetary constraint channel.

In the empirical literature, there appears to be some agreement that the effect of foreign aid on migration flows is positive, suggesting that the budgetary constraint channel of foreign aid dominates the income channel. Lucas (2005) regresses aid inflows on net outflows of migrants along with a few control variables, on a sample of 77 developing countries in the period 1995–2000. His results indicate a significantly positive relationship. Similarly, Faini and Venturini (1993) postulate that income growth may fail to stem emigration because it relaxes credit constraints, which tend to be especially binding in poorer contexts. They estimate some simple regressions using migration data for Greece, Portugal, Spain, and Turkey and find support for their hypothesis. Accordingly, they conclude that aid is not a reliable and useful instrument for controlling migration.

A more recent and influential cross-country study that investigates the aid-migration link is Berthélemy et al. (2009). In addition to the budgetary and income effects, they identify another channel through which aid may be associated with migration flows. Berthélemy et al. (2009) claim that the more intense is the bilateral relationship through aid policy implementation between country pairs, the lower is the information gap between the potential migrants in the recipient country and the donor country (**network channel**). The assumption is that this additional information reduces the transaction costs associated with the migration flow. Their cross-section estimates indicate that both bilateral aid and the recipient’s total aid have significantly positive impacts on migrant stocks. The network effect is shown to be particularly strong for skilled migrants, whereas unskilled migrants are more strongly encouraged by increases in total aid, which relaxes their budget constraints.

All these papers study the relationship between aggregate official aid and migration. Yet, the flows labelled as ODA are not alike and the effectiveness of aid is likely to depend on its type, the way it is delivered, and its target. The United Nations Development Programme (2011) stresses, for example, that foreign aid measured at the aggregate level encompasses large amounts of development aid, such as the costs of hosting migrants or the costs of educating foreign stu-

**Figure 4.5 Composition of external finance in LDC and in other developing countries**



Source: OECD 2015, based on OECD Development Assistance Committee (DAC) data and World Bank data on remittances.

dents, which never actually reaches developing countries and therefore has no discernible income effect. At a more conceptual level, various authors (e.g. Qian 2015; Bazzi et al. 2012) argue that the impact of aggregate ODA is difficult to interpret as it is composed of many different types of aid (debt relief, cash transfers, food, etc.) and each type of aid faces different measurement issues and, more importantly, each affects a different set of outcomes. With the adoption of the Millennium Development Goals, for example, the focus shifted from raising growth rates in recipient countries to improving social indicators, such as school enrollment (Thiele et al. 2007). Concerning the study of the aid-migration link, this conflation raises a number of problems, for instance that only some types of aid (e.g. aid for infrastructure) may lead to positive income effects and thus potentially reduce migration, while others (e.g. aid for primary education) are unlikely to raise income, at least in the short to medium run. The aggregate results are therefore of very limited use for policy makers, except that they caution against regarding foreign aid indiscriminately as an appropriate instrument to stem migration flows.

The need for shifting away from an aggregate analysis that does not account for the heterogeneous nature of foreign aid has been acknowledged for some time in the empirical aid literature. Bazzi et al. (2012), for example, disentangle aid components that potentially affect growth from those that are unlikely to do so in a cross-country study of the aid-growth relationship. To the best of our knowledge, the only study that applies a disaggregated approach to investigate the aid-migration link is by Moullan (2013), who examines the impact of foreign health aid on the emigration rates of physicians. Using panel data for 17 destination countries and 192 source countries over the period 1998–2005 and accounting for the endogeneity of foreign aid, he finds that the relationship between the two variables is significantly negative and large: a doubling of health-related aid reduces emigration of physicians by 70 percent. This implies that aid targeted at the health sector could be a potent weapon against the medical brain drain. The negative impact of health aid on emigration of physicians found in Moullan's study is in line with the concept of hump-shaped migration patterns. Physicians usually belong to the wealthier segments of the populations in migrant-sending countries and thus are unlikely to be subject to binding budget or liquidity constraints. At the same time, they directly benefit from any aid-induced improvements in their home countries' health services.

While a sectorally disaggregated analysis constitutes an important step towards arriving at meaningful policy conclusions, it still masks considerable heterogeneity. Taking the example of Moullan's study, it is likely to matter a lot for a physician's decision to emigrate or not whether aid for health is mainly spent on hospital equipment or whether it supports vaccination campaigns. Angelucci (2004) focuses on one specific intervention: she evaluates the impact of Progresa, Mexico's conditional cash-transfer program, on the domestic and international migration decisions of the poor rural households targeted by the program. Progresa comprises an unconditional nutrition-support grant as well as primary and secondary schooling subsidies that are conditional upon attendance in the last four years of primary school and the first three years of secondary school, respectively. Angelucci finds that the nutrition grant and the primary schooling subsidy raise international migration but not domestic migra-

tion, suggesting that it is mainly the costlier international trips that cannot be financed by credit-constrained poor households. By contrast, the grants for secondary schooling are associated with reduced international migration. This suggests that the condition provides an incentive for families to stay in Mexico, whereas in the case of primary schooling the condition does not matter because parents would in any case let their children finish primary school.

The general lesson to be learned from the available evidence is that the indirect impacts of foreign aid on migration flows are context-specific and can either be positive or negative. It therefore does not come as a surprise that governments interested in using aid as a means to regulate migration have tried to exploit more direct aid-migration links.

### Aid directly targeting migration flows

National governments throughout Europe have long seen migration mainly as a phenomenon to be controlled (Gubert 2014). To this end, several European countries – including France, Germany, and the Netherlands – have implemented specific development aid programs with the purpose of creating incentives for migrants to return to their countries of origin. At the level of the EU, the so called **co-development** concept was formally endorsed at the European Council meeting in Tampere in 1999. The aim of this concept was to integrate immigration and development in a way that migration flows will benefit both the country of origin and the country of destination. There has been a huge discrepancy, however, between EU discourse and concrete actions towards the goal of making migration a real driver of development for the countries of origin (Gubert 2014). The EU's practical stance on co-development has largely revolved around the interests of destination countries, targeting development aid at those recipients willing to implement migration control measures and accept repatriations. In an empirical study on a large sample of country pairs composed of 22 donors and more than 150 recipients over the period 1993–2008, Bermeo and Leblang (2015) find that donors indeed use foreign aid to achieve their broader immigration goals, targeting migrant-sending areas to increase development and decrease the demand for entry into the donor country.

The approach of directly linking aid and migration has gained further momentum during the recent surge in the number of incoming migrants. Foreign aid is now explicitly utilized as part of a mix of policy measures by the EU in an attempt to stem irregular migration flows.<sup>4</sup> More specifically, the EU has established partnerships with third countries in the form of **tailored compacts** “developed according to the situation and needs of each partner country, depending on whether they are a country of origin, country of transit or a country hosting many displaced persons” (European Commission 2016b). Box 4.3 illustrates the contents and the framework of these partnerships in more detail. In these compacts, foreign aid is used, on the one hand, as an incentive – along with other measures such as trade policies – to reward those countries willing to cooperate effectively with the EU on migration management and ensure there are consequences for those who refuse. This is a carrot and stick approach that aims at creating incentives to take action in tackling illegal emigration in the countries of origin. On the other hand, foreign aid is also seen as a long-term measure to help third countries' development in order to address the root causes of irregular migration and forced displacement.

<sup>4</sup> Measures linking immigration policy to development assistance have recently been put in place by national governments. See for instance the partnership agreement with the French Ministry of Immigration, Integration, National Identity and Inclusive Development signed by the Agence Française de Développement.

<sup>5</sup> See European Commission 2016d.



### Box 4.3 Migration compacts

The EU introduced a new Migration Partnership Framework in June 2016. The main stated goal is to develop win-win relationships with the EU's partners to address the global challenges of migration and development. These new partnerships – or 'compacts' – with several key countries of origin and transit aim at mobilizing and focusing all EU and member states' tools and resources, with the multiple objectives of saving lives and breaking the business model of people smugglers, addressing illegal migration, and increasing cooperation on returns and readmission of irregular migrants, as well as fostering investment in partner countries. The **short-term measures** included in the partnerships are strictly focused on addressing the humanitarian emergency related to the recent migration crisis. This involves saving lives at sea and in the desert, tackling trafficking and smuggling, increasing returns of those who arrived illegally, and at the same time encouraging legal ways to Europe for those in need, with particular attention given to

the situation of refugees. The **long-term measures**, by contrast, are meant to address the root causes of irregular migration and forced displacement by supporting partner countries in their political, social, and economic development. In this context, the EU's foreign aid, which recently averaged €4.4 billion per year to the key priority countries, is seen as a key tool to improve opportunities for sustainable development. The compacts have a tailor-made approach, in the sense that all the elements included in each partnership combine different policy tools like development aid, trade, mobility, energy, security, and digital policy, which are suited and adjusted to each situation depending on the partner – whether a country of origin, transit, or host of a large migrant population. Overall, the plan of the new Partnership Framework is to make available nearly €8 billion over the next five years to support key third countries, and to closely coordinate the development assistance through joint efforts by the EU and its member states.

Source: European Commission 2016c ([https://eeas.europa.eu/sites/eeas/files/factsheet\\_ec\\_format\\_migration\\_partnership\\_framework\\_update\\_2.pdf](https://eeas.europa.eu/sites/eeas/files/factsheet_ec_format_migration_partnership_framework_update_2.pdf)).

The European Commission reports that the first cooperation programs carried out with five priority countries of origin and transit in sub-Saharan Africa – Niger, Nigeria, Senegal, Mali, and Ethiopia – have started to yield tangible results. For instance, Niger has taken action to combat migrant smuggling and set up an institutional framework for managing the migration dialogue with the EU and its member states (European Commission 2016b). The positive preliminary results included in the first progress report of the Partnership Framework have been published only four months after the beginning of the cooperation agreements.<sup>5</sup> This is of course way too early to critically assess the impact of the measures implemented, especially – by definition – those devoted to addressing the long-term objective of preventing migration flows through effective development cooperation.

While it has not yet been possible to rigorously test whether the EU may be able to achieve the goals it is pursuing with these compacts, several factors should caution against expectations that are too high. First, the developmental component of the strategy rests on the assumption that the income channel dominates the budgetary constraint channel, which probably does not hold for some of the very poor priority countries, such as Niger and Mali. Second, the previous empirical literature (e.g. Kilby and Dreher 2010) has shown that foreign aid is more likely to foster economic development in recipient countries if it is governed by developmental rather than political motives. Third, the track record of aid conditionality is fairly weak (e.g. Svensson 2003). Recipient countries have often been unwilling to implement the conditions imposed on them and donors have often refrained from withdrawing foreign aid in response to such behavior. This pattern, as observed for classical development assistance, may well carry over to the case of migration compacts. And finally,

going by the limited success of previous attempts to foster donor coordination (e.g. Nunnenkamp et al. 2013), it cannot be taken for granted that the EU and its member states will keep the promise to closely coordinate their efforts (Box 4.3).

### Conclusion

Overall, the evidence on the relationship between foreign aid and migration so far is sketchy and therefore of rather limited use for providing policy advice. Even the transmission of aid impacts through the income and budgetary constraint channels, to which most empirical research refers, is less straightforward than might appear. Particularly in (mostly poor) recipient countries with weak governance structures, the bulk of aid may be captured by elites, never reaching the intended beneficiaries and thus leaving migration decisions unaffected.

The main challenge for obtaining reliable estimates of the causal impact of foreign aid on migration is the unclear direction of causality, which gives rise to biased results. This challenge is particularly obvious for migration compacts where development assistance plays a dual role and thus causality goes both ways: any observed increase in foreign aid may be a reward for successful actions in stemming irregular emigration from the countries of origin, but may as well be the cause of changes in migration flows. Up until now, the issue of reverse causality between migration and foreign aid has only been partially resolved. Improved data availability and increasing accuracy of the data on migration and foreign aid could lead to more reliable estimates from which to derive policy implications, for example by enabling researchers to employ larger sample sizes and to distinguish between regular and irregular migrants as well as refugees.

## 4.3 Cultural, social, and political remittances

Lead author: Alessandra Venturini

The link between migration and development in countries of origin has always been at the core of research and of policy making.

The role of financial remittances and the way they are used in developing economies has been carefully studied to understand the allocation of money sent home, which type of allocation provides the best returns on remittances for migrant families and for the local community, and how remittances favor growth and development. Monetary remittances also help spur financial literacy, which can transform workers into entrepreneurs and which favors development. They additionally contribute to changing the role of women in society because women frequently become the family's money manager and they acquire higher relative power within the family and society.

Monetary remittances can be reinforced by return migrants who bring back money and professional human capital. History has shown that the effects of both monetary and human capital remittances can be very positive for the country of origin but that the effects are strongly related to the level of economic and social development in the areas in question. According to Cerase (1967; 1974), in the 1960s and 1970s migrants returning from the U.S. to southern Italy were treated by their fellows as 'Americans' and were even cheated by extended family members. The local administration was unhelpful, sometimes hostile, and it was impossible to buy land and get permission to start up an activity. A very different experience met Italian migrants returning to their homes in the north east, where both the administration and the local productive system, which were much more dynamic than in the south of the peninsula, were taking advantage of returned financial and human capital. The narrative of migrants coming back from America and bringing with them a new way of life is described in many novels and films. They brought different clothes, different food and different modes of behavior. Women were more independent. Returning migrants became, in fact, agents of change<sup>6</sup>.

Reserachers have tried to better understand the effects of migration on the origin country. There has been an attempt to understand what makes a move successful, not just for the individual family, but for society as a whole. In addition to the monetary remittances migrants bring back other remittances that are more difficult to measure and quantify. When they return for holidays or when they come back for a longer period they bring with them foreign goods, yet also different values, culture, etc. The new model of lifestyle sometimes only lasts for a short time because migrants, after a while, return to their previous lifestyle. But as Cerase points out, it depends upon the receptivity of the community and the capacity of migrants to permeate it.

In the title of this section we refer to cultural, social, and political remittances to point out the broader dimensions

### Box 4.4 Definition of social remittances

Peggy Lewitt (1998) coined the term "*social remittances*" to define the diffusion of ideas, values, beliefs, norms of behavior, practices, and social capital.

Since then social remittances have been understood as non-financial assets acquired as a result of migration and eventually transferred to others, usually the home regions of migrants.

of the concept and the areas where more research has been carried out.

Three conditions are necessary for the transfer: first, the migrant has to adopt different behavior and to understand and like the alternative way of organizing society that is prevalent in the destination country; second, he or she has to bring back home these differing ways of life; and third, the home society – meaning family, civil society, and institutions – has to be ready for a change. Grabowska et al. (2017) define the phases as acquisition, transfer, and outcomes, and finally their diffusion.

The first point is not automatic: the more the community in the destination country is open the more it is permeated by the destination country's values, while instead, the more it is closed, the more it tends to keep the values prevailing in the origin countries at the time of departure. Here it is enough to think of Little Italy or China Town in New York, which halted all cultural updates at the time of departure. More recently there has been empirical research on assimilation that demonstrates the negative role played by large communities on wages and on the probability of exiting from ethnic jobs.<sup>7</sup>

The last point, diffusion, is also an important component that should not be taken for granted. As Grabowska et al. (2017) note, the origin society can resist, imitate, or innovate.

The scale of change in the country of origin with respect to monetary remittances depends on three different factors: the size of the migrant population versus the local one; migrant characteristics versus the structure of the society by educational level and social class; and the duration of migration, be it temporary or permanent (OECD 2017).

Changes can also be worked by the diaspora abroad, which has many ways to keep in contact and to transfer innovative social behavior. The transnational space is at the center of symbolic exchanges that do not necessarily go together with financial and goods-and-services exchanges.

The society of the origin country, in general, receives a lot of diverse cultural stimuli from various sources. Con-

<sup>6</sup> For a European analysis and a theoretical approach, see Grabowska et al. (2017).

<sup>7</sup> See for instance Hatton and Leigh (2011) and Strom et al. (2013).

sider, for instance, the educational policies adopted by large countries or large religious communities that build schools or universities around the world. In this way they affect the educational models and values of faraway countries. Notable examples, just to name a few, are the global American universities, the Alliance Française, Spanish universities and the Goethe Institutes. In 2007 the European Commission proposed a European Agenda for Culture in a globalizing world favoring economic and social-political development.<sup>8</sup> Again in 2015, the European Council<sup>9</sup> asked the European Commission and the High Representative for Foreign Affairs and Security Policy to prepare “a strategic approach to culture in external relations” to pursue peace and multiculturalism. And “cultural diplomacy” has recently received the attention of the High Representative/Vice-President Federica Mogherini as a form of support and assistance that the EU can provide to third countries.<sup>10</sup>

Migrants, however, acting within the close and extended family play a very important role in opening up a society to new values, by gaining the trust of people who are difficult to reach and who anyhow might prove diffident about accepting novelties.

Sociological, anthropological, and economic research has looked a great deal at how migrants affect the values and culture of the origin country. Sociologists have focused on understanding the mechanism, the dynamics of the cultural transition, the reaction and the support for social innovation, while economists have attempted mainly to show that relationships exist and their causality. Although not a comprehensive survey, below we provide three examples of the effects of migration: the fertility decision within the migrants’ families at home in the origin country, women’s empowerment, and political remittances affecting home-country institutions.

### Fertility

Cultural transfer can affect many spheres of individual and personal life. These include family life and the different values affecting consumption patterns, the roles played by women in the couple, the education of children, and also the fertility decision. In a broader perspective these dimensions will affect population growth, encourage the empowerment of women, and strengthen democratic values.

For a long time, the population transition, namely the link between very high fertility rates and the stationarity value (two children per woman), was studied, analyzing the effects of economic growth (Malthus effect), women’s education, age at marriage, and how these variables were also affected by migration.

In his 2007 paper, Fargues approached the link between migration and fertility directly and questioned the general view that migrants are potential agents of the diffusion of demographic modernity. He showed that this was only the result of recent migration from high to low birth-rate countries. By comparing fertility in Morocco, Turkey, and Egypt, he first correlated the evolution of fertility with the income dynamic and with women’s education, and then he focused on migration’s effect pointing out the differential in fertility rates in migrants’ destination countries. This varied from two in Europe to seven

### Box 4.5 Fertility trend in Egypt

Philippe Fargues, in his pioneering work (1994; 1997) studied Egyptian fertility and its evolution according to the traditional driving factors: wealth, women’s education, and age at marriage. He also looked at the importance of different political regimes, which in the 1960s had already institutionalized fertility control. The correlation of the fertility rate with this policy – which started with the socialist regime of President Gamal Abdel Nasser (1952–70), but which also continued with the liberal regime of Anwar Sadat (1971–82) and with that of Hosni Mubarak (1982–2011) – seemed erratic and not even especially aligned with the model proposed in various political phases. The decrease of fertility under Nasser was reverted by an increase in fertility in the 1970s. This change was explained by the end of the war with Israel, the liberalization of the economy (which attracted foreign investment), and also by mass migration abroad, which had previously been forbidden. As the recession started in 1984, fertility declined but not as expected. Other social values acquired from abroad reinforced the norm of a large family and affected the decision to have more children. As shown in Figure 4.6, those Egyptian areas with more migrants to the Gulf countries had a higher fertility rate and were much more distant from the transition value.

in the Gulf countries (in 1980–95). He also noted how Moroccan and Turkish migrants went predominantly to Europe, while Egyptians went mainly to the Gulf.

By taking the remittance flows as a proxy for emigration and the strength of the link with home, he pointed to a different link between Moroccan, Turkish, and Egyptian fertility rates and migration, negative in the first case and positive in the second. Fargues did not assert a causal link between the two variables, but the mechanism seems very convincing and reinforces the idea that migrants adopt and send back the cultural values prevailing in their host country.

The model of fewer children but with a better quality of life, health, and more education is not particularly rooted in sending countries, thus sending countries are sensitive to the model their migrants encounter abroad. Migration to Europe has accelerated the reduction of birth rates in the Maghreb countries. The Egypt of the Infitah, on the other hand, with stronger Arab exchanges, has seen a more gradual decline. The story based on a rich knowledge of these countries is very convincing even if the test is only indirect.

Later Beine et al. (2008) built on this hypothesis using aggregate data for 208 countries on migration stocks and aggregate fertility rates. By instrumenting the emigration rate with a set of valid instrumental variables<sup>11</sup> they find support for the previous analyses that migration towards OECD countries contributes to demographic transition, while the opposite takes place with migration towards

<sup>8</sup> See the European Commission’s (2007) Communication on a “European Agenda for Culture in a globalizing world”; see also the Council Conclusions on the promotion of cultural diversity and intercultural dialogue in external relations, Council of the European Union (2008).

<sup>9</sup> Outcome of 3428 Council Meeting: Education Youth Culture and Sport, 23–4 Nov 2015 and see also 2014 EP Preparatory Action “Culture in EU external relations” <http://cultureinexternalrelations.eu/>.

<sup>10</sup> On this subject, see the mimeo by Lanati and Venturini (2017) on “Imports of cultural goods and migration: An unexplored relation”.

<sup>11</sup> The instrument used a dummy variable for islands, the (log of the) size of the country measured by its surface (in squared kilometres) and (the log of the) distance to the main destination of the migrants.

countries with high income and fertility rates such as those found in the Gulf.

Bertoli and Marchetta (2015) point to another important difference between migration outflows: while the outflows to the Gulf countries are temporary by nature, because the countries of destination do not offer settlement opportunities or family reunification, migration to OECD countries is both temporary and permanent. For that reason, Bertoli and Marchetta analyze, with micro data, the effect of migrants returning to Egypt from the Gulf countries on the fertility rate. They find that families with return migrants from the Gulf have a higher fertility rate. To find a causal effect they checked for the non-random selection of migrants at migration, but they were unfortunately unable to isolate the mechanism for the transfer of norms.

In closing, there is a strong conviction and, indeed, evidence that fertility is affected by fertility norms imported from abroad by migrants. However, given the many channels of information that can affect the family decision, it is difficult to disentangle and to measure the specific effect of migration transfers although it seems very relevant.

### Women's empowerment

The effect of the departure of the male breadwinner, since our earlier records of emigration, has conditioned the future development of the family. Women in many cases become responsible for money use in the household and become independent of their brothers and father. They are thus able to take decisions regarding their children, and their authority in society is growing. This does not imply the implementation of a new imported model, but just a change and a more egalitarian evolution in gender roles.

Women's emigration has increased their independence even more and in many cases women have become the family breadwinner.<sup>12</sup> Migration has also changed women's roles in the origin society. Its dynamic has been slow and in some cases they have been trapped in the patriarchal family without any independence. Indeed, for some women migrants going back has just been a return to the past, with limitations that are no longer acceptable or rational. For this reason, some of them have been reluctant to go back.<sup>13</sup>

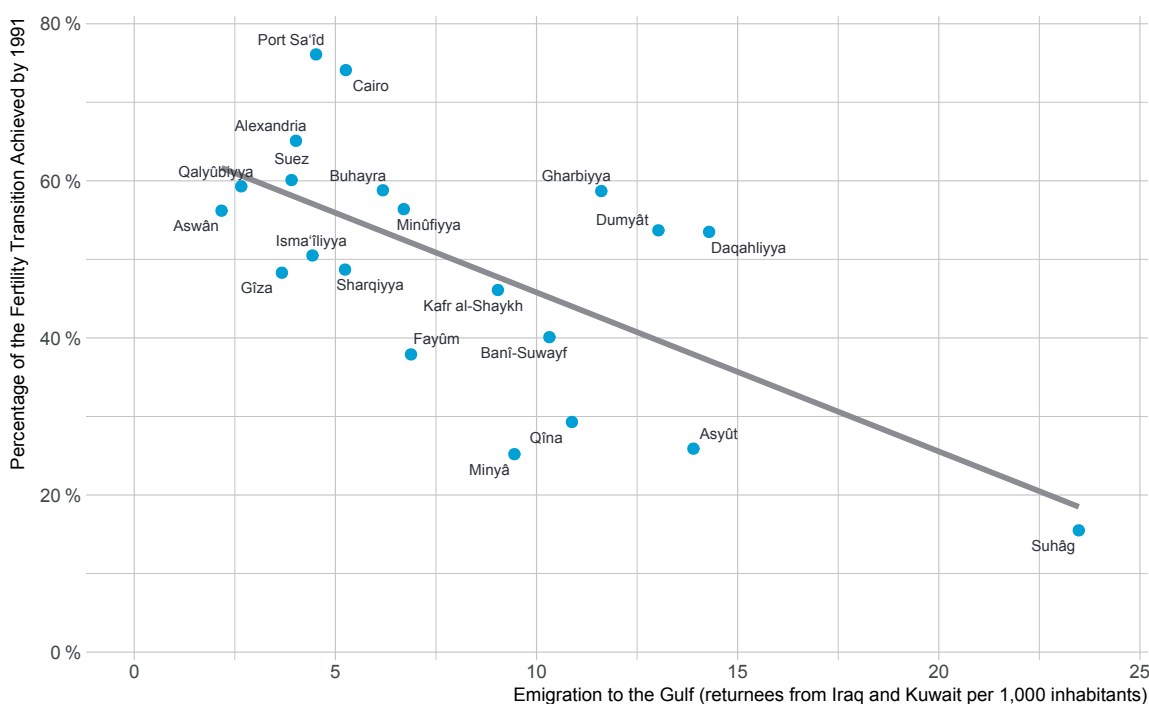
Migration and especially temporary migration transfers home new values and new ways of organizing the family and social life. Both Okolski (2012) for Poland and Sandu (2010) for Romania consider temporary migration one of most potent modernizing factors today, because they act directly at the individual level.

Grabowska and Engbersen (2016) analyze the effect of the values brought back by temporary Polish migrants by surveying empirical research into two phases of Polish emigration: one at the end of the 19th and the other in the early 20th century, as well as the most recent migration waves before and after EU enlargement. They structure the results in the Lewitt (2011) categories: normative structure, systems of practice, and social capital. They then argue that old migration brought back non-conformist attitudes, and a greater attention to individualistic autonomy that favored the emancipation of social roles, especially for women. Also the systems of practice gave less importance to religious practices and more importance to individual efforts and work achievement. This has introduced an alteration of family bonds with transnational families, the acceptance of a single status, and

<sup>12</sup> Of course, we do not consider trafficked women.

<sup>13</sup> Iredale, Guo and Rozario (2003) note that when skilled women return home, they often face a range of problems. There is a disjuncture between their own aspirations as highly skilled and educated returnees and local gendered perceptions and modes of discrimination that inhibit their full economic, social, and political participation in their own communities and societies.

**Figure 4.6** Emigration to the Gulf and the transition of fertility in Egypt at the time of the Gulf war, 1991



Source: Own elaboration based on Fargues 2007, p.175.



divorce. In more recent migration waves the revision of gender roles and family relations has continued. Women have gained more self-esteem and self-confidence. White's (2011) survey of Podkarpacie showed that when migrants returned from the U.K., those under 25 were less supportive of traditional gender roles; Western ideas, it was argued, reinforced a willingness to change gender roles, something already diffused among the better educated and the younger members of society.

The empowerment of women begins to occur when migration draws women from rural to urban areas (Hugo 2000), separating them from a family group. These migrants are engaged in employment outside the home in formal sector occupations, within the legal framework for an extended period. Empowerment is still more dramatic with their move abroad and reduces the intergenerational impact of the patriarchal structure within the family by resisting their identity as subordinate subjects.

A good deal of evidence from different cultural backgrounds exists: in the cases of Peruvian and Bolivian migration (Bastia and Busse 2011), Senegalese migration to France (Jettinger 2011), and even internal Chinese migration (Connelly et al. 2010), the distinction between the place of reproduction (family back home) and the place of production (foreign labor market) has changed women's childcare as provided in a patriarchal society. Women migrants also give priority to investment in health and education as revealed by Mexican (Pfeiffer and Taylor 2008) and Ghanaian experiences (Guzman et al. 2008), or at least more than men in these cases.

There is growing evidence of collective action and mobilization among migrant women in various parts of the world. This suggests that their empowerment has come from a combination of external impetus and internal transformation, and that they would like to transfer their empowerment home and into the political arena.

Two econometric studies – a broader one by Lodigiani and Salomone (2012) that covers 78 countries and a more country-specific study on Turkey by Akkoyunlu (2013) – try to find a causal link between international migration and women's seats in parliament. This is one of the two measures<sup>14</sup> of women's empowerment used in the Gender Inequality Index by the United Nations in the Human Development Reports.

Lodigiani and Salomone use annual political data from Paxton et al. (2006), which provides very detailed yearly data on women's inclusion in parliamentary bodies. They take 78 countries for the period 1960–2000. Many technical solutions have been adopted to make the two datasets compatible with a traditional Heckman selection. The results confirm that there is a strong positive role for the migration index, namely the share of migrants weighted by the differential in women's seats in the destination countries versus origin countries. The results work with many alternate specifications and controls.

Akkoyunlu (2013) uses the number of women in parliament in Turkey, chosen as a gauge of women's empowerment, and looks at its evolution in terms of the emigration rate, the relative education of women to men, and democratic measures. Six decades of data, from 1960 until 2011, shows a strong positive effect for migration, which is stronger for migration to European countries and to core

OECD countries. Unfortunately, the question of endogeneity is not raised by the author.

All this research suggests that the effects of cultural, social, and political remittances brought back from migration by both men and women are very broad, but they are very difficult to measure given the direct and indirect effects of economic remittances.

### Political remittances

The impact of migrants on the home country's political life has been studied by sociologists, anthropologists, and economists. Sociologists elucidate the complex relationship between the social infrastructure of transnational connections, remittances, and their political implications, while economists concentrate on the causality of the relationship.

All reach the same conclusion, namely that migration, by confronting individuals with new environments and novel institutional organizations, force a comparison with origin countries and affect political norms there. Migrants are very important transnational political actors. As some political scientists have pointed out, migrants are “*new and unaccounted power groups*” (Itzigsohn and Villacre 2008), a vector of mass-level democratization diffusion (Perez-Armendariz and Crow 2010). The relationship embedded in the democratization–migration nexus (Ruland et al. 2009), however, is more complex in terms of showing and disentangling it than that in the already complex development–migration nexus (Kapur 2010).

Pfütze (2012; 2014) claims that economic transfers have an effect on political outcomes. He argues that economic remittances contribute to increases in household incomes that “*make clientelism unambiguously more costly and, therefore, reduce turnout for the party engaging in clientelistic arrangements*”. In this way migration promotes the “*quality of democracy*” in the sending country. He uses Mexico as an example.

Migrants affect political behavior in the country of origin in many ways, by sending money and cultural goods, and with their different interpretation of everyday behavior. The challenge for researchers is to distinguish the specific impacts, in this case the remittances of democratic values and norms, which should stand apart, following Pfütze, from the monetary ones.

Depending on the institutional quality of the country of destination, the effect can be positive or negative: in all cases the perceptions of migrants will be different from the perceptions of non-migrants. Examples from very diverse areas come to the conclusion that migrants and return migrants are more critical and demanding in terms of rights, in Mali (Chauvet et al. 2016)<sup>15</sup>, Mexico (Perez-Armendariz and Crow 2010), the Philippines (Rother 2009) and Cape Verde (Batista and Vincente 2011).

In the past research focused only on the effect on developing countries' democratic systems. However, the end of the Cold War and the fall of the Berlin Wall has created an interesting area of research in countries closer to Western Europe, for instance Poland. Grabowska and Engbersen (2016) showed for Poland that, in the first migration waves at the beginning of the 19th century, migration helped in creating a secular social space. Here citizens assembled in non-religious spaces for the first time. Remittances from

<sup>14</sup> The second measure is achievement in secondary and tertiary education.

<sup>15</sup> See also Chauvet, L. and S. Mesple-Somps. 2014

migrants brought back the desire for a democratic society. Ahmadov and Sasse (2016) studied, for Poland, the effect of integration on political participation in the country of destination and involvement with the diaspora. By using a large dataset on the voting behavior of Poles living in U.K., but geographically dispersed in the country, along with interviews of Polish migrants in the U.K. and their families at home, they established that shorter stays were linked to higher electoral engagement, while longer stays were associated with lower electoral engagement. Therefore, integration in the country of destination results in less political involvement in the origin country. The local economic development and the size of the Polish community have a negative effect on political engagement for the first of these characteristics and a positive one for the second. Interviews reinforce the results and show the need for a more flexible understanding of political participation, which include the desire on the part of parents to root children in their Polish heritage. This probably has wider implications for research on the cultural dimension.

Economic researchers have also sought a causal link between democracy and migration remittances. The first paper at the macro level by Spilimbergo (2009) provided evidence that foreign-trained students promoted democracy at home if their foreign education was acquired in a democratic country. He does not identify the mechanism that spurs this effect, but many channels work in the acquisition of norms and values while abroad: access to foreign media, willingness to preserve foreign networks, etc. Finding the channel is even more difficult than identifying the effect, of course, because the data used do not distinguish between students returning home and those still abroad. Even if the evidence is considered convincing, the research has a limited control over endogeneity. There is the possibility that migrants who are more sensitive to democratic values move to more democratic countries and for that reason, transfer democratic values because they already support a more democratic regime. In a similar vein Mercier (2016) points to a positive correlation between political leaders who studied abroad in high-income OECD countries and the change in the score of democracy in their country during their tenure. Thus not only migration policy but also education policy can shape the democratic transition of countries and the two are intertwined.

The research at the aggregate level that tries, with most conviction, to find a causal relation between migration and democratic institutions is that by Docquier et al. (2016). They use four measures: political rights as well as civil liberty (Freedom House); economic freedom of the world (Simon Fraser Institute); and Polity 2 indicators (Polity IV Project). Their graph (Figure 4.7) shows an upward trend in the four institutional indicators and in emigration rates, and is very suggestive.

They have an unbalanced panel from 1980 to 2010, with seven observations for each country and a larger cross-section that includes OECD and non-OECD countries. The results, of both the cross-section (only for 2000) and those in the time series dimension, show a strong link between emigration rates and three democratic indicators that proxy de facto democracy. The last index, Polity IV, which proxies de jure democracy, is rarely significant. These

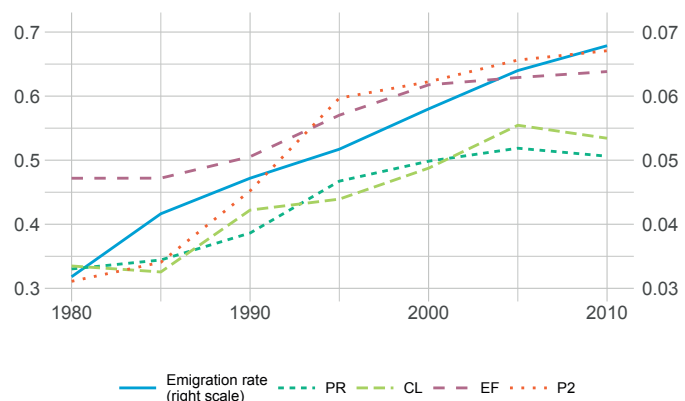
results, instead of weakening the interpretation of political remittances brought back by migrants, strengthen it because the de facto norms are the relevant ones for social well-being: the de jure norms, while important, are frequently outside the control of citizens, and therefore they are less relevant for the progress of social and civic life in the origin society. Also, the non-significant result for highly skilled migrants supports a transfer of everyday life norms that can be appreciated by citizens at all levels, and not just a transfer among the elites.

The last and very convincing contribution to this broad scenario is the Moldovan case study by Barsbai et al. (2016). They use the results of Moldovan elections at the regional level and find that the regions where emigration to Europe prevailed over emigration to Russia had lower votes for the former Communist Party.

### Conclusion

This brief survey shows that migrants play a very important role in shaping the values of society in their countries of origin. These values affect many aspects of the lives of individuals, families, and society as a whole. It is very difficult to distinguish the role of the migrant from the role of the diaspora, which is likewise made up of migrants. It is also difficult to disentangle the role played by migrants from that played by government policies, for instance through cultural diplomacy activities, which are directed at the same objective. Still, it is clear that staying as a student or as a worker in more democratic countries, where women have more rights and thus a more independent role, has an effect upon the lifestyle of the foreigner and offers a different model of participation in society. For example, migrants see societies where women have more rights and hence more independence, which allows them to pursue education and employment and to have fewer children. These facts are too often disregarded in the debate on migration, whereas they should become an important feature in the integration strategy of asylum seekers in the host countries, given all the beneficial effects that can be transferred to their home countries.

Figure 4.7 Democracy and emigration rates over time, 1980-2010



Source: Docquier et al. 2016.