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Managing International Labor Migration in the 21st Century

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Abstract
Migration is defined by the United Nations as the movement from one of the world's 200+ nation states to another for 12 months or more, regardless of the purpose for being outside the country or birth or citizenship or legal status in the new country. According to this fairly inclusive definition, there were 175 million migrants in 2000, which means that 3 percent of the world's residents are outside their country of birth or citizenship as immigrants, foreign students and workers, or unauthorized residents.

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1. Introduction

Managing international migration –people moving across national borders– is a global challenge for the 21st century. Almost 200 nation states issue their passports and visas and regulate who can cross their borders and stay. The number of international migrants reached 175 million in 2000, up from 154 million in 1990, according to the UN Population Division.[1] About 60 percent of the world's migrants are in more developed countries, including 56 million in Europe and 41 million in Northern America. The number of international migrants is likely to continue increasing in the 21st century for both economic and non-economic reasons.

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1. The UN Population Division defines a migrant as someone outside her country of birth or citizenship for 12 months or more, and includes as migrants refugees and asylum seekers, foreign students and other long-term visitors, unauthorized foreigners, and legal immigrants and naturalized foreign-born citizens in countries such as Australia, Canada and the US. The UN originally reported 120 million migrants in 1990, but in its International Migration 2002 report raised the 1990 number to 154 million (p3). International Migration 2002 notes that the USSR had 2 million migrants in 1989, and 29 million in 2000, as previously internal migrants became international migrants with the breakup of the USSR.

Migration is the exception, not the rule. The number one form of immigration control is inertia –most people do not want to move away from family and friends. Second, governments have significant capacity to regulate migration, and they do, with passports, visas, and border controls. One item considered by many governments when deciding whether to recognize a country seeking recognition is whether it controls its borders.

International migration is likely to increase in the 21st century. There are as many reasons for migration as there are migrants, but most individuals who cross national borders do so for economic or noneconomic reasons. The factors that lead individuals to migrate, in turn, are motivated and sustained by three major types of influences– demand-pull factors in the destination area, supply-push factors in the origin area, and network factors that link origin and destination. The result is a 2x3 matrix summarizing why people migrate, and the factors that sustain migration flows. Specific kinds of migrants are found in each cell, and individual migrants may fit into more than one cell. For example, economic migrants may require all three influences to decide to move across borders for employment– a supply-push reason for seeking employment elsewhere, a network that provides information about job availability and the means to finance migration to a foreign job, and demand-pull confidence that, once abroad, a job or other support will be waiting.

Determinants of Migration

Factors influencing the decision to migrate

Type of Migrant	Demand-Pull	Supply-Push	Network/Other
Economic Migrants	Labor recruitment, e.g. guest workers	Un- or under-employment; low wages; e.g., farmers whose crops fail	Job and wage information; sons following fathers; family unification
Non-Economic Migrants	Family unification; e.g., family members join established spouse in destination country	Flee war and persecution; e.g., displaced persons and refugees/asylum seekers	Communication; transportation; Assistance organizations; Desire for new experience/ adventure;

Notes
1. Individual migrants may shift from category to category.
2. Pull, push, and network factors rarely have equal weights in any particular migration.
3. The weight of each factor in a particular migration stream tends to change over time.

This demand-pull, supply-push, and network framework highlights two important points about economically-motivated labor migration:

- First, the three factors that influence an individual's decision to migrate rarely have equal one-third weights in any particular migration decision.
- Second, the weight of each factor often changes over time in a particular migration flow.

For example, demand-pull foreign worker recruitment often sets international migration for employment in motion—there was active recruitment of Mexican workers by US employers and government employment service agencies in the 1940s, and similar recruitment by German employers and agencies in Turkey in the 1960s. Migrants are willing to be recruited because of the earnings gap between home and abroad, which reflects both demand-pull and supply push factors. However, as migration streams mature, network factors tend to become more important, in a process described as follows: "each act of migration alters the social context within which subsequent migration decisions are made, typically in ways that make additional movement more likely"[2] especially if economic conditions in the source and destination areas remain unchanged. (Massey et.al. 1993, p. 451). This means that, when recruitment is stopped, migration may continue, as supply-push and network factors, including a migration infrastructure of smugglers, rather than recruitment factors sustain migration.[3]

This paper reviews the factors that encourage migration and trends in migrant numbers before turning to the trade offs posed by economically motivated labor migration. The paper then turns to issues involved in managing labor migration at the top and bottom of the labor market. One way to better manage employer requests for foreign workers would be to use economic mechanisms such as taxes and levies to encourage employers to recruit local workers rather than rules that governments has difficulty in any event enforcing.

2. Differences Encourage Migration

Migration is a result of differences –in demographic growth, in incomes, and in security and human rights. These differences are increasing, so international migration is likely to increase in the 21st century.

Demographic trends provide an example of the differences that promise more migration. The world's population reached 6 billion in October 1999, and is growing by about 1.4 percent or 84 million a year, with 97 percent of population growth in

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2. Some mid-1990s analyses found that the number of legal immigrant entries into the US was (1) negatively correlated with nonimmigrant entries across 116 countries that send migrants to the US, and (2) positively correlated with illegal entries, suggesting that legal immigration is a proxy for "emigration pressure" from a country.

3. Recruiters, transporters and other middlemen have been involved most mass migrations. These understudied middlemen–who might be considered as the agents who help to arbitrage the differences between international labor markets –play an important role in facilitating labor migration, extracting a fee from migrant workers or their employers equivalent to 25 to 100 percent of what the migrant will earn in the first year abroad.

developing countries.[4] Population density is higher in developing than in developed countries–29 persons per square kilometer in the high income countries versus 51 in low and middle income countries, according to the World Bank (2000, p. 275). Will people move from more densely populated places to less densely populated places in the 21st century, much as the 19th century was marked by migration from more densely populated Europe to the Americas and Oceania?

A comparison of the demographic evolution of Europe and Africa is instructive. In 1800, Europe had about 20 percent of world's 1 billion people and Africa had 8 percent. In 2000, the populations of these two continents were almost equal–Europe had 728 million residents and Africa 800 million, giving each 12-13 percent of the world's population (PRB, 2000). If current trends continue, population trends in Europe and Africa will diverge. Europe is projected to shrink to 660 million by 2050, or about 7 percent of the world's 9 billion residents, while Africa is projected to expand to 1.8 billion, 20 percent of the world's residents.

Demographic trends north and south of the Mediterranean raise a migration question: will Africans migrate northward, to a Europe that may have "excess" infrastructure and housing? History suggests the answer will be yes–some 60 million Europeans emigrated from a more densely settled Europe to the Americas and Oceania between 1800 and 1915. The issue for Europe and Africa will be how to manage what appears to be an inevitable south-north migration.

Economic trends provide a second example of differences that are likely to increase potential migration. The world's GDP was $30 trillion in 2000, and is expected to double by 2030. Economic growth is expected to be fastest in developing countries, but higher incomes in the industrial democracies mean that many young people in developing countries will be able to earn in one hour abroad the equivalent of a day's wages at home. According to the World Bank, global per capita income averages $5000, but per capita incomes in the 25 high-income countries averaged $26,000 per person in 1999, and $1,200 in the poorer 175 countries. This means that an average person moving from a poorer to a high-income country can increase her income 22 times; this large income gap explains why migrants often take huge risks to enter high-income countries.

There is a second dimension to economic differences between high-income and poorer countries that suggests increased international labor migration in the 21st century. The world's labor force in 1999 was 2.9 million, and 1.3 million or 45 percent of

4. According to the Population Reference Bureau (www.prb.org), the world's fastest growing population is in Gaza, where the population growth rate is 4.5 percent a year, and the fastest shrinking population is in Russia, where the population is declining by 0.5 percent a year.

the world's workers were employed in agriculture. In developing countries, incomes in agriculture are generally lower than in urban areas. This income gap encourages rural-urban migration, helping to explain why there are shanty towns around many cities in developing countries and why the urban population of the low and middle income countries rose from 32 to 41 percent of these countries' population between 1980 and 1999.

There is a "Great Migration" off the land underway in many developing countries that are integral components of the world migration system, including China, Mexico, and Turkey, and this Great Migration will likely continue in the 21st century, with three implications:

- First, ex-farmers everywhere are most likely to accept so-called 3-D jobs (dirty, dangerous, difficult) in urban areas inside their countries or abroad, as seen in Chinese coastal cities, where internal migrants fill 3-D jobs, and abroad, where Chinese migrants are employed in industries that range from services to sweatshops.
- Second, ex-farmers who must find new jobs and sources of income often make physical as well as cultural transitions when they move decide to leave rural areas, making them more likely to be willing to go overseas if there is recruitment or a migration infrastructure that can help them to cross borders.
- Third, cities in developing countries have become nodes in the international migration infrastructure–cities are the places to which migrants go to get visas and documents for legal migration, or to make arrangements for illegal migration.

Demographic economic differences, augmented by the flight from the land in developing nations, promise more economically motivated migration in the 21st century. The third major difference that promises more international migration involves security and human rights. As global conflicts such as the fight between capitalism and communism ended in the 1990s, local conflicts erupted in many areas, leading to separatist movements, new nations, and migration, as in the ex-USSR and ex-Yugoslavia. As the process of nation creation continues, there is likely to be more migration –there were 43 generally recognized nation states in 1900, 121 in 1980, and 193 in 1998.

In most cases, creating new nation states leads to a reshuffling of population, as in South Asia and Europe after World War II. However, in some cases, the creation of nation states can produce migrants without physical movement, as with Russians in the Baltics who were considered to be foreigners in Latvia or Estonia (Bade, 2000). The creation of migrants as borders move over people may become more common as independence movements spread in e.g. Indonesia.

3. Migration and Trade Offs

Most of the world's nation states are countries of immigration, transit, or emigration–many, such as Malaysia, Mexico, and Turkey, participate in all three phases of the migration process (Martin and Widgren, 1996). However, since the goal of many migrants is to move to high-income countries, the migration policy decisions made in North America, Europe, Japan, and Oceania, and the vigor with which they are implemented, are likely to shape migration flows in the 21st century.

There are two extreme positions that have been urged on policy makers considering migration policies for the 21st century (Martin and Midgley, 1999). At the one extreme is the no-borders argument, made by some business people as well as some religious and ethnic groups who argue that borders should be wide open to workers seeking higher wages and migrants fleeing persecution. In a world of open borders, migrants would likely expand the 433 million work force of high-income countries, and subtract workers from the 2.5 billion workers in developing nations.

At the other extreme are those who urge no immigrants, those who want to minimize immigration in order to avoid diluting a country's private and public capital stock, to avoid wage or other adjustments that may accompany immigration, or to avoid cultural, language, religious and other changes wrought by immigration. The general perspective of those who want to limit immigration is that immigrants are likely to receive more in public benefits than they pay in taxes, or they threaten to upset language, religious or other balances in that keep societies peaceful and prosperous.

Durable migration policies for the 21st century are not likely to be found at the no borders or no immigrants extremes. However, there are few scientific or generally agreed guidelines to answer the two major immigration questions–how many and who should enter? The how many question is the most difficult, since there is no "scientific method" for determining the optimal size or rate of growth of a population. There are only five countries that explicitly plan for immigration, and they collectively plan for the arrival of about 1.2 million immigrants a year–US, 800,000, Canada, 200,000, Australia, 80,000, Israel, 50,000, and New Zealand, 35,000.

The combined population of these five major immigration countries is about 340 million, suggesting that they plan for immigrants to add about 0.35 percent (one-third of one percent) to their population. If EU Europe, with 380 million residents, had a similar immigration rate, there would be 1.3 million immigrants a year; Japan, with 125 million residents, would accept 438,000 newcomers a year. There are disputes over "how many" within each of the five nations that plan for immigration, so that "one-third of one percent" should not be considered a scientifically determined or even a generally accepted level of immigration among traditional immigration countries.

Policy debates generally focus more on the who-can-immigrate question, with most countries giving priority to family unification. This means in practice giving priority for entry to family members of citizens and settled immigrants, permitting employers to request permission to have needed foreign workers admitted, and resettling refugees and allowing foreigners who apply for asylum because they fear persecution at home to remain. There is a sharp contrast between traditional immigration countries in their answers to the who-can-immigrate question. Australia and Canada admit about half of their immigrants under policies aimed at satisfying economic and employment needs, while the US admits less than 15 percent of immigrants under such criteria. Humanitarian admissions are less than 15 percent of the annual flow.

Immigration poses trade offs between competing goods, or desirable ends. There is an extensive literature on evaluating the trade offs between competing goods that arise in the making of economic policy, of choosing between the sometimes competing goods of low unemployment and low inflation. Indeed, most of the industrial democracies have evolved political parties that distinguish themselves in part by whether they favor the good of low inflation over the good of low unemployment.

As immigration increases in the 21st century, so will the competing goods that accompany immigration. Many of the competing goods in immigration are harder to analyze than the jobs-inflation trade off in economic policy because immigration involves non-economic issues such as language and culture, but some of the immigration trade offs lend themselves to analysis (Borjas, 1996). For example, about 80 percent of the 2.5 million workers employed for wages on US farms sometime during a typical year are immigrants–typically young men from rural Mexico. In 2000, they earned an average $5 to $7 an hour for 500 to 1000 hours of work (How we Eat, 1999). Their lower than average hourly earnings–average hourly earnings in the US were $14 an hour–helped to hold down US prices for fruits and vegetables, good 1, but kept virtually all farm workers and their families below the US poverty line, $8,350 for one person and $14,150 for three in 2000–good 2 is decent wages and incomes for farm workers.

What is the value of good 1, lower fruit and vegetable prices? The US had 106 million "consumer units" or households in 1997, the most recent data available, with an average of 2.5 persons each. Households spent an average $35,000, including $4,800 for food (14 percent), with $2,900 spent on food eaten at home (8 percent), or about $55 a week, including $6 weekly for fresh fruits and vegetables. Farmers got about 20 percent of each retail dollar spent on fresh fruit and vegetables, or farmers received an average $0.20 for a $1 head of lettuce. Farm worker wages and benefits are about 30 percent of farmer's revenues, or $0.06 for a $1 head of lettuce.

If the influx of immigrant farm workers were slowed or stopped, wages would likely rise. In 1966, one year after the end of the Bracero program, which admitted about 4.5 million Mexican farm workers between 1942 and 1964, the fledgling United Farm Workers union won a 40 percent wage increase for grape harvesters. If the immigration influx were slowed in the 21st century and farm wages were to rise 40 percent from $7 an hour, they would be $10 an hour. If these higher farm wages were passed on to consumers, the $0.06 farm labor cost of a head of lettuce would rise to $0.08, and the average retail price would rise from $1 to $1.02. For a typical 2.5-person consumer unit, which spent $293 on fresh fruits and vegetables in 1997, including farm worker wages of $17.58, a 40 percent increase in farm worker wages would increase spending on fresh fruits and vegetables by $7 to $24.61, or from $293 to $302.

Trade off analysis shows that the major benefits of lower farm wages wind up accruing to landowners—low farm wages get capitalized into higher land prices, helping to explain why farm leaders can solicit contributions to maintain the immigration status quo by noting that $1 contributed to sympathetic politicians can return $1,000 higher land values (Martin, 1998). The debate over immigrant farm workers, at least in the US, is often confused by: (1) exaggerated estimates of the savings realized by the average household due to immigrant farm workers; (2) a failure to understand that farm land serves as agriculture's stock market, and that low wages are soon capitalized into higher land prices, benefiting landowners; and (3) and forgetting that the flexibility in most unskilled labor markets is on the demand, not the supply side of the labor market. For example, when the Bracero program ended in 1964, American workers did not replace Mexican Braceros in the fields and hand pick tomatoes. Instead, the jobs done by Mexican Braceros were mechanized, something that farm employers argued was impossible when they lobbied for a continuation of the Bracero program (Martin and Olmstead, 1985).

4. South-Eastern Europe

Italy, Spain and Russia have the world's lowest birth rates–women in these countries average 1.2 children each. Thus, these countries: (1) have more residents 65 and older than 15 and younger (Italy, 17 percent 65 and older; 15 percent 15 and under; contrast with Turkey, 30 and 5 percent); and (2) will shrink without immigration.

In Italy, Silvio Berlusconi's coalition won 58 percent of the 630 seats in Parliament, in part because of promises to get tough on migrants. Berlusconi said: "immigrants sail here across the Adriatic, or get over the border with Slovenia, and then they disappear… That has meant a rise in crime. What we need to ensure is that any illegal aliens arrested for committing crimes are repatriated immediately. They cannot be tolerated." Italian Cardinal Giacomo Biffi, archbishop of Bologna, caused a stir in September 2000 when he said that Italy should admit only Catholic immigrants: "Italy is not a deserted land with no history or traditions... that can be populated at random." Biffi warned: "If you really have the good of Italy at heart, and want to spare a lot of suffering, then you can't allow all the immigrants in… I don't know how you're going to cope with Friday as a holiday, polygamy, discrimination against women, and the fundamentalism of Muslims, for whom politics and religion are the same thing."

Italy had about 1.5 million foreign residents in a population of 57 million in 1999; about 36 percent were Muslims, 27 percent Catholics, and 22 percent were other Christian religions. The largest single group are 175,000 Moroccans, followed by 140,000 Albanians and 75,000 Filipinos. Italy has a rolling amnesty program for unauthorized foreigners. Those who can get regular jobs–those who can find employers who enroll them in the social security system and pay taxes–can legalize their status–there were 63,000 immigrant visas available for legalization in 2001.

Albania is Italy's Mexico. Every night, high-speed boats cross at 70 mph the 42 miles of southern Adriatic Sea separating Vlore, Albania and Otranto, Italy. Many of the skippers are teenagers, since Italy does not usually prosecute them (many of the drivers of cars used to smuggle aliens over the Mexico-US border are teens for the same reason). Each boat is worth about $100,000; which means the boats are substantial assets in Albania, where per capita income is $800 a year. Italian police usually wait until after the smugglers have dropped the migrants on Italian shores, and then go after them. There have been several collisions and deaths between Coast Guard and smuggling boats, and some of Berlusconi's allies want the Italian Coast Guard to shoot at smuggling boats that do not heed orders to stop.

In 2000 and 2001, Italy established quotas for foreigners from particular countries to reward them for cooperation to reduce smuggling, and to provide legal channels for migrant arrivals, e.g. the 2001 quotas were for 6,000 Albanians, 3000 Tunisians, and 1,500 Moroccans. About 10 percent of the foreigners in Italy, 150,000 to 200,000, are Albanians, most having arrived in the 1990s. There is an apparent paradox with Albanian migration to Italy: Italian-Albanian government relations are described as the best ever, reflecting Italian-Albanian cooperation to prevent smuggling and trafficking; in spite of this, the anti-Albanian prejudice has grown steadily, fuelled by the concentration of the media on a marginal but quite visible criminal minority.

Albanian migration to Italy may have reached an equilibrium level, which raises the question–what would happen if current requirements that Albanians have visas to enter Italy were dropped, as has the EU has done for Bulgaria and Romania? Even were Italy able to drop visa requirements unilaterally (which is impossible under the Schengen Agreement), the government would not be inclined to take that step. Noting that 60 to 70 percent of Albanian requests for visas are rejected in Tirana (36,000 visas were issued by Italy's three consulates in Albania in 2001), despite a drop in unauthorized Albanian migration, there are still about 5,000 unauthorized Albanians a month apprehended in Italy. There are also lingering doubts about the commitment of the Albanian government to ending smuggling operations.

5. Conclusions: Managing Migration

The industrial democracies are likely to be immigration destinations in the 21st century. The durable policy options to manage migration lie between the extremes of no borders and no immigrants, and such policies are most likely to be developed and sustained if they are the result of an honest analysis of the competing goods affected by immigration. Labor migration, which has been managed primarily by developing rules and seeking to enforce them, could be managed more effectively by introducing economic mechanisms, charging employers fees for the privilege of employing foreign workers.

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