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Andres Solimano

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ONE

Introduction

Understanding the Trends, Themes, and Strata
of International Migration

As the quotations presented in the front matter of this book show, the international mobility of people is a controversial issue, with attitudes ranging from openness and tolerance toward immigrants in good economic times, to reluctance and even xenophobia and resentment, particularly during times of economic slowdowns, unemployment, and financial insecurity such as the one we live in now after the financial crash of 2008–09. From the late 19th century to the mid-20th century, international migration was an important engine for economic growth in such destination countries as the United States, Canada, Argentina, Australia, Brazil, and New Zealand – the so-called New World countries. Most of the immigrants to the New World came from Europe, particularly from Ireland, Italy, Spain, Poland, and Scandinavia, and from Asian nations (although the Chinese were often restricted). In the early 21st century, the geographic landscape of origin and destination countries for international migrants has changed fundamentally. In the last 20 years or so, due to their higher living standards and new economic opportunities (albeit moderate or partially reversed by the financial crisis of 2008–09), Ireland, Spain, Italy, and the Scandinavian and some Asian countries have turned from being, historically, net emigration countries to net recipient countries. These immigrants come from Latin America, Asia, Africa, Eastern Europe, and Russia – countries and regions that, at different points in time, have suffered economic and financial crises and political turmoil, and whose people seek, in foreign countries, more economic opportunities and stability for themselves and their families that are elusive at home. However, return migration from Spain, Ireland, and

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the Czech Republic to Latin America, Eastern Europe, and Sub-Saharan countries is also taking place, because the receiving economies are also hit hard by the global economic slump of 2008–09.

At a time in which immigration is seen with skepticism and even open hostility in some recipient nations, it is useful to remind ourselves that immigrants contributed their bodies, minds, entrepreneurial energy, and creative talents to support efforts at mobilizing land, natural resources, and capital to spur economic growth and to help build the prosperity of their destination countries. The nations of the New World had abundant land and natural resources but were in need of people and capital – attractive for international migration, as well as financial inflows, to these countries. In the first wave of globalization (c. 1870–1914), Irish, Italians, Spanish, Poles, Russians, Swedes, and others flocked to New World economies. Great Britain, along with Germany and France, became the main financial center of the world's economy and the main source of external financing for these economies. Historically, capital and labor often went in tandem to nations that offered better opportunities than those found at home, a factor that contributed to a degree of income convergence across nations.

Now, in the early 21st century, the countries of North America, Europe, Japan, and Australia are – thanks, in part, to immigration – economically advanced and generally prosperous nations, enjoying much higher levels of per-capita income than the rest of the world, as well as superior technologies and organizational capacities. However, economic maturity is now coexisting with slow or stagnant population growth, low fertility rates, and an aging population. In some advanced economies, the population is shrinking. Thus, immigration provides much needed workers, professionals, and entrepreneurs to support growth and fill jobs in the service, technology, and health-care sectors, and in construction and agriculture – jobs that nationals increasingly do not want or where qualified candidates are in short supply. In turn, these countries need the fresh talent, ideas, and entrepreneurial drive that are often provided by immigrants in areas for which there exists a shortage of skills, such as the information technology sector, the health-care sector, and academia. The arrival of people is different from inflows of capital and goods. Receiving nations face complex dilemmas to accommodate strong pressures for immigration. The debates on the

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economic gains and the labor market, fiscal, social, and cultural consequences of migration are heated. This book seeks to provide conceptual underpinnings behind the pushing and pulling factors of current migration waves, their development impact on source and receiving countries, and the historical contexts under which various migration experiences have taken place in order to contribute to the debates on the desirability, tensions, and costs involved in the current process of international migration and globalization. These issues are relevant at times of economic slump and beyond.

1.1 International Migration: Incentives and Drive Face Barriers

Before discussing some of the imperatives behind and historical realities of international migration – the themes and important topics that are at the forefront of any discussion of international migration – this introduction highlights today’s overriding conflict that is at the core of the debate. That is, a vast multidirectional movement of international migrants, spurred on by big differences in wages, living standards, degrees of economic security, and political stability across regions and countries, are butting up against policy barriers in wealthy countries that wish to stem the very tide that these countries are (perhaps unintentionally) creating. Moreover, in addition to the barriers to immigration in recipient countries, we find a certain indifference, or benign neglect, to emigration in origin countries as emigration contributes to “solving” domestic problems of open unemployment and underemployment in these countries. At the same time, the combination of the increased demand for immigrant manual and knowledge workers in times of economic expansion and the shortage of workers and skilled professionals, along with restrictions to mass immigration, causes a rise in irregular (or illegal) migration. In practice, actual migration policies in the north (advanced economies) are a practical compromise between a restrictive stance, particularly toward less-skilled immigrants, and a tolerance for undocumented and “illegal” migration. A main theme of this book is that, without addressing the core inequalities of the global economy and steering more dynamic and equitable

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growth and development in the south, which is the main source of migrants in the global economy, it will be very difficult to contain the strong pressures for immigration to rich countries. At the same time, managing migration pressures will require an institutional framework to deal with international migration, a framework that today is largely absent. Such an institutional framework must address and regulate the main features of the current migration regimes in high-income recipient countries: (1) the tendency toward tolerated, irregular migration in segmented labor markets, which provides a flexible and low-cost labor pool to domestic firms and households in the recipient countries; and (2) the more favorable and liberal immigration rules directed toward foreign “knowledge workers” or “talent elites,” which help recipient countries maintain competitiveness in an increasingly competitive global economy that is in contrast with the tougher regulations on immigration of less-skilled workers; and (3) the lack of labor rights of irregular migrants. The pressures for immigration in high-income countries have receded to some extent in this time of economic slump, but these trends are likely to reappear once the global economy recovers from the current downturn.

a. People Are Now Migrating Internationally in Patterns
that Differ from Historical Patterns

As of 2005, approximately 191 million people worldwide – nearly 3 percent of the world’s population – were living in a country different from the country in which they were born. International migration has increased substantially in the past four decades, particularly toward high-income countries, increasing threefold between 1965 and 2005 – the fastest growth period since the late 19th and early 20th centuries (Ratha and Shaw, 2007). Approximately 63 percent of these 191 million immigrants have gone from low- to medium-income developing countries to high-income Organisation for Economic Co-operation and Development (OECD) or high-income non-OECD countries. If we consider “north” as only the OECD countries, around 40 percent of people coming from developing countries (around 62 million people) go to work “in the north.” From an economic perspective, the direction

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of international migration is directly related to differences in per-capita income and living standards across countries; the main income disparities are between the wealthy north and the less-affluent south. In spite of ample disparities in income levels and opportunities across countries, the current level of international migration is still relatively modest on a *global* scale: No more than 3 percent of the total world population lives and works in foreign countries. However, this world average conceals the fact that a group of high-income countries such as Australia, Canada, Belgium, the Czech Republic, Ireland, Italy, Luxembourg, Great Britain, the United States, the Netherlands, and Sweden have a foreign population that exceeds 10 percent of their total population. In fact, three of these countries have a foreign population that is more than 20 percent of their total population: Australia, Luxembourg, and Switzerland. However, new data on international migration show that the north is not the only destination for migration. Recent data compiled by the World Bank indicate that approximately 47 percent of the migrants from developing countries (about 74 million people) also go to other developing nations – a “south–south” migration (Ratha and Shaw, 2007). In general, per-capita income and wage differentials among countries in the south are smaller than that between the south and the north, but they do exist and create incentives for the cross-national movement of people. Still other factors, such as geographical proximity, social networks, and similarity in cultural backgrounds and language, are important for explaining south–south migration flows. It is also interesting to note that a north–north migration exists – people from high-income OECD countries who live and work in other high-income OECD countries. In fact, 85 percent of migrants from the north (25 million people) are in other countries of the north. Only 11 percent of people in the north (3.4 million people) migrate to developing countries in a sort of north–south migration. This mobility may be due largely to the movement of workers, professionals, and executives who are employed or subcontracted by international corporations with operations in the south, or to the movement of international students from the north to the south.

If we consider migration flows by region, south–north migration represents 87 percent of total migration from Latin America and the

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Caribbean, 85 percent from east Asia and the Pacific, 80 percent from the Middle East and North Africa, 50 percent from south Asia, and 31 percent from Sub-Saharan Africa. However, international migration today is a multidirectional process – not only south–north, but also north–south, south–south, north–north, east–west, and so on.

**b. Free Immigration Has Evolved into Visas,
Walls, Deportation**

Until World War I, international travel was rarely subject to the use of passports – borders could be crossed easily. In addition, countries were eager to lure migrants. For example, in the mid-19th century, the government of Argentina offered European immigrants free ship transport, automatic Argentine nationality, and land ownership because the country needed people to work on farms and in factories, and to undertake new investments. The United States also wanted to expand its internal frontier and have people exploit its large tracts of land, help with the discovery of gold, and provide the hands and minds to support industrialization in the 19th century. Between 1820 and 1880, political and economic conditions brought more than 2.8 million Irish immigrants to the United States. German Catholic immigrants came during the 1840s. In 1875, Congress passed the first restrictive statute for immigration, barring convicts and prostitutes from admission. Ethnic restrictions fell on certain nationalities, such as Chinese immigrants (the Chinese Exclusion Act was finally repealed in 1943) and then in 1907 on the Japanese. By 1920, nearly 14 million of the 105 million people living in the United States were foreigners.

Then military and security restrictions on travel and migration during World War I ushered in a world of passports, visas, and work permits governing international migration. In fact, the League of Nations held a conference on passports in 1920, followed by two other conferences in 1926 and 1927.¹ In addition to international identity cards (used until today), countries began requesting entry permits, better known as visas,

¹ The UN held a conference on travel in 1963, culminating in 1980 with the standardization of passports under the auspices of the International Civil Aviation Organization, ICAO.

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that often specified a temporal duration and that placed various restrictions on the purpose of international visits (tourism, family visitation, work, business, and so forth).

In the early 21st century, wealthy industrialized countries chose to ramp up their restrictive policy environment by drawing distinctions in their visa structures for *categories* of migrants according to their skill levels, education, and special expertise and knowledge, so as to maximize the transfer of these characteristics to the benefit of their own economies (Chapters 3 and 6 discuss this issue in greater depth).

Visas and passports were not the only restrictions on international migration. More ominous was the erection of physical walls to prevent international mobility of people from some countries to others. Walls have been pervasive throughout history. The Great Wall of China was built more than 2,200 years ago by the first emperor of the Qin Dynasty in an ultimately futile effort to keep the Hsiung Nu tribes out of his territory. In 120 AD, the Roman Emperor Hadrian began building walls across Great Britain to prevent military raids on “Roman Britain” by Picts from the north. In the 20th century, “walls” did not disappear; instead new ones were erected. For military purposes, the Maginot line – a long strip of tank traps, fortifications, and tunnels stretching between Luxemburg and Switzerland along the French border with Germany – was built before World War II to prevent the Germans from invading France (also a futile effort). Then, in 1961, the Berlin Wall was erected to preclude transit and exit from (Soviet-dominated) East Berlin to the West, a wall that crumbled in 1989 with the collapse of the communist regime in East Germany. Other examples are the Israel Wall of Separation, and the wall built along the 2,200-mile U.S.-Mexican border corridor to prevent Mexican immigration to the United States.

Another force-based mechanism to restrict and reverse immigration is physical deportation. In June 2008, the European Union approved a “return directive” that stipulated deportation and prison terms for undocumented immigrants. Chapter 4 provides an account of the interaction between events and policies regarding immigration restrictions in various countries of the world, including the United States and some European nations, throughout the 20th century.

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1.2 Eight Critical Themes Underscore the International Migration Process

To help guide the reader through the rest of this book, this section delineates eight major issues, including challenges and contradictions in the current global economic order that are at the core of many debates surrounding international migration.

a. Critical Theme I: Why Is International Migration Such a Contentious Issue and Internal Consensus So Difficult to Reach?

The growing international mobility of people is an indication that, by moving from one country to another, people have enhanced access to better jobs, higher wages, potentially promising business opportunities, new technologies, knowledge, and ideas. All this is possible through openness and globalization. At the same time, however, international migration is often an *internally divisive* issue in destination countries, affecting the interests and values of different actors in different ways. Also, international migration can be a contentious issue in the *realm of economic and diplomatic relations* among countries. Although the economics and demographics of high-income countries – high wages, slowly growing populations, and shortages of internal talent in high-tech, academia and medical-services sectors – explain why immigration has a clear economic rationale, securing an internal consensus on international migration is complex.

In fact, in the main destination country for international immigrants, the United States, consensus on immigration is elusive (just as it is in Europe). As events in recent years show, the United States is finding it difficult to agree on comprehensive new legislation that satisfies the various players – companies that need migrant labor to moderate wages and enhance profit margins; labor unions that see immigrants as competing for jobs and potentially displacing local workers (although other unions can be pro-immigration, perceiving that immigrants will take jobs that Americans do not want anymore, and that they are a new group of labor that can be organized and mobilized); conservative groups that are afraid

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of the cultural consequences of massive immigration for national identity and sovereignty; public opinion that tilts between pro and con; and policymakers and politicians who are concerned about the pressures of immigration on the costs of housing and public finances and its impact on voters. Still another important actor is, of course, the immigrant community itself – its economic interests, legal status, and social demands.

It is also notorious that most economic agreements among nations (perhaps the European Union could be the exception) tend to focus on trade, foreign investment regimes, intellectual property, and other areas but often very little is formally negotiated on international migration. The partial exception is perhaps Mode 4 of the GATS (General Agreement on Trade and Services), which regulates the supply of services of nationals of one country in another country.

**b. Critical Theme II: Migration Flows Have Flourished
in Periods of Capital Mobility and Globalization, and Have
Declined in Periods of Crisis and Economic and Political
Nationalism**

Economic nationalism and political and racial intolerance have driven waves of high hostility to international migration through the 20th century, particularly in the interwar years and other noteworthy periods in specific countries and regions. In contrast, capital and labor mobility have risen, roughly in tandem, in the first wave of globalization in the late 19th and early 20th centuries, increasing again in the late 20th and early 21st centuries, despite the more restrictive immigration policies in high-income countries (but not for capital) in the current (second) wave of globalization. Capital moves internationally in periods in which mobility is unrestricted in response to opportunities, differences in rates of return to capital and resource endowments, macroeconomic imbalances, legal security for foreign investment, and the overall investment climate. People, in turn, move internationally also for economic reasons except in periods of war or internal conflict in the origin countries. The relationship between capital and labor mobility varies over time and among countries. The United States, the main immigration country in the world economy, is currently a net importer of both capital

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and people, although in other epochs of the 20th century it was a net exporter of capital (while being consistently a net importer of people). In turn, Argentina was an importer of people and capital from the mid-19th century until the mid-20th century when it switched to a country of net emigration for professionals, intellectuals, and to some degree economic elites, although still remaining a net immigration country because of immigration from lower-income neighboring countries. In periods of acute economic and political instability and insecurity, Argentina in the 1970s, 1980s, and early 2000s exported capital in the form of capital flight. Likewise, Russia's road to capitalism since the 1990s has been accompanied by emigration to Western Europe, Israel, and North America. In turn, the financial crisis of 1998 and instability later in the decade invited capital flight. This syndrome of instability was also present in several countries of Latin America, Sub-Saharan Africa, and south Asia in the past three or four decades, thereby retarding economic development in these regions. In contrast, stability, prosperity, and democracy will invite people and capital from abroad, supporting domestic growth and development in a virtuous cycle. The main point here is that the direction of international migration flows and capital movements to and from a country tend to follow, closely, the phases of their development process and the macroeconomic cycles relative to other countries, in both periods of economic success and economic failure.

c. Critical Theme III: Migration as a Consequence and Mitigation of Income Disparities in Our Global Society

Economic historians have shown that rapid economic progress in the world's economy in the past 150 years or so has been accompanied by greater inequality than existed in previous centuries of less dynamic growth and slower technical change. In addition, the main variation in inequality in the past 150 years has been *among* countries rather than *within* countries. Therefore, a main concern of current globalization is the contrasting disparities in income levels, living standards, and economic potential across nations. These international disparities create powerful incentives for international migrations. At the same time, if