Chapter 2
Literature Review

2.1 Theories and Models

2.1.1 Theoretical Approaches

New emigration flows from countries in Asia, Africa and Latin America has emerged from a process linked to economic development. Meanwhile, the immigration countries of the developed countries have become welfare democracies of the post-industrial era with new technologies and transformed labor markets. The 1990s have witnessed high unemployment rates and stagnating growth. The new flows, which move mainly from developing countries to developed countries, face increasingly restrictive immigration control from governments fearful of uncontrollable and unwanted immigration. While this can be assumed to increase even more in the future, its new global character needs to be analyzed with new theoretical tools.

Various theories and models serve attempt to explain why international migration begins, what the impact of globalization has on international migration and challenges for migration in developing countries.

1. **Neoclassical economics:** macro theory views geographic differences

in the supply and demand for labor in origin and destination countries as the major factors driving individual migration decisions. Among the assumptions of this model are that international migration will not occur in the absence of these differentials, that their elimination will bring an end to international movements, and that labor markets (not other markets) are the primary mechanisms inducing movements. Government policy interventions affect migration by regulating or influencing labor markets in origin and destination countries.

2. **The new economics of migration:** this theory views migration as a family (i.e., group) strategy to diversify sources of income, minimize risks to the household, and overcome barriers to credit and capital. In this model, international migration is a means to compensate for the absence or failure of certain types of markets in developing countries, for example crop insurance markets, futures markets, unemployment insurance, or capital markets. In contrast to the neoclassical models, wage differentials are not seen as a necessary condition for international migration, and economic development in areas of origin or equalization of wage differentials will not necessarily reduce pressures for migration. Governments influence migration through their policies toward insurance, capital, and futures markets, and through income distribution policies that affect the relative deprivation of certain groups and thereby their propensity to migrate.

3. **Dual labor market theory:** this theory states that demand for low-level workers in more developed economies is the critical factor shaping international migration. To avoid the structural inflation that would result from raising entry wages of native workers, and to maintain labor as a variable factor of production, employers seek low-wage migrant workers. In this model, international migration is demand-based and initiated by recruitment policies of employers or governments in destination countries. Wage differentials between origin and destination countries are neither necessary nor sufficient conditions for migration. The options for government policy intervention to effect migration are limited, short of major changes in economic organization in destination countries.

4. **World systems theory:** this theory focuses not on labor markets in national economies, but on the structure of the world market--notably the "penetration of capitalist economic relations into peripheral, noncapitalist societies," which takes place through the concerted actions of neocolonial governments, multinational firms, and national elite. International migration is generated as land, raw materials, and labor in countries of origin are drawn into the world market economy and traditional systems are disrupted. The transportation, communications, cultural and ideological links that accompany globalization further facilitate international migration. In this aspect,

international migration is affected less by wage or employment differentials between countries than by policies toward overseas investments and the international flow of capital and goods.

5. **Standard economic theory:** according to this theory, the free flow of labor across borders should lead to a more efficient allocation of this factor of production and to an equalization of income, i.e. wages. It deals why the globalization of markets has not yet created a borderless market for labor. Economists have in recent years greatly refined their theories of migration. Oded Stark and others (1991) have suggested that in many contexts the family household rather than the individual migrant is the relevant decision-making unit and that choices are not always driven by maximizing income, but also by considerations such as risk diversification or relative deprivation in a reference community (Stark, 1991). Yet even for these new approaches the basic puzzle still remains. As a group of researchers notably Tomas Hammar (1997) have pointed out in a recent book (Hammar et al.1997), the challenge is not how to explain the increase of migration, but the astonishing degree of immobility of persons in a world where incentives and opportunities for moving to other countries seem so abundant.

In comparison to the present theory, "state intervention" is presented and discussed in this study. In a recent paper Aristide Zolberg has argued for "bringing the state back" into migration theory (Zolberg, 1998). The demographic, economic and cultural factors that were mentioned above are good predictors for internal migration when it has become a liberty protected by the state. However, economic migration theories have yet to "factor in" state control of external borders. Generally they do not attempt to explain what drives regulation efforts, but instead regard governments as addressees for policy advice on how to regulate immigration in order to maximize its economic benefits for the receiving society. Here, this article aims to suggest that control efforts be never merely driven by economic interest. They invariably involve a political logic of sovereignty and nationhood. The very definition of the basic unit over which costs and benefits will be aggregated is a political one that is a national economy. Immigration complicates the aggregation by blurring the boundaries as to whether immigrants are to be counted among those whose collective interest is to be maximized through immigration control.

Immigration control is not always meant to reduce flows. Sometimes receiving states encourage them proactively by recruiting foreign labor from abroad or through an open door policy for co-ethnics who are regarded as belonging to a national community. Certainly, state control over immigration is always imperfect. When triggered by political action, migration is a process with its own economic and social dynamics that even it may subvert regulatory efforts or produce unintended effects. What these well-known phenomena illustrate is not a general 'loss of control' or a succumbing of the state to the forces of economic globalization.

A number of different research strategies are used in the study of international migration and make a multidisciplinary attempt to cover both micro- and macro-level of analysis. In research on international migration many theories and disciplines are involved and analyzed structurally. My aim in this study is therefore to increase the mutual awareness of what has been done elsewhere or in other disciplines, and to confront and compare different approaches, theories and results.

2.2 The Conceptual Framework

2.2.1 Migration

Migration is defined as a permanent or semi-permanent change of residence, and includes settlers, landed immigrants, temporary workers, asylum seekers, students, and undocumented arrivals intending to stay for a short or long term, involving the crossing of national borders. This definition excludes tourists and other short-term visitors, and the diplomatic community, as well as internal migration (though it is often significantly numerous and has in economic impact). Official statistics of international migration are usually delineated on the basis of the mover's intention for either permanent or temporary stay. Legal permanent migration includes persons granted permission to settle in a country because of their characteristics, as well as refugees admitted under international or bilateral arrangements, including persons living in countries of asylum. Furthermore, many countries do not publish the statistics necessary to accurately assess total number of migrants; other countries do not accord as much attention to statistics on departures as they do to statistics on arrivals. While permanent and temporary immigrants are required to obtain formal entry permits, tourists, whose numbers run into tens of millions per annum, are not. Indeed, there has been a tendency in recent years for many countries to provide statistics only on net flows of persons across their border. Despite these difficulties, the major problems concerning accurate measurement of international migration relate to movements which governments have not been able to adequately control. These include illegal migrants and temporary stays but did not leave and refugees who cross neighboring borders to avoid political oppression.

Furthermore, despite the growing importance of international migration, the statistics needed to characterize migration flows and monitor changes over time are often lacking. In February 1997, the Statistical Commission considered a report (E/CN.3/1997/15) that set forth revised recommendations on statistics of international migrant flows and on the measurement of stocks relevant to the study of international migration.

The report was based on an extensive review carried out jointly by the United Nations Statistics Division and the Statistical Office of the European Communities in cooperation with the regional commissions and other interested organizations. Many of the points discussed in the present section are derived from the report to the Statistical Commission.

Data on international migration can be obtained from three types of sources: (1) administrative sources; (2) border statistics; and (3) household-based inquiries. Administrative sources include population registers, registers of foreigners, information derived from the issuance of visas, residence permits, work permits and exit clearances. Border statistics encompass all data gathered at the time of border control and may be administrative or purely statistical in nature. Household-based inquiries include censuses and various types of household surveys.

2.2.2 Developing to Developed Countries Migration

The flows to the developed countries have come from a large number of increasingly diverse countries in the developing countries (OECD 1993b). Since the end of the Cold War, East-West flows have also emerged. The total migrant numbers in the world has increased and is at present approximating 120 million (World Bank, 1998). The rate of growth has been limited for the developed countries, compared to the developing countries. In the period 1965—1975 annual growth in the migrant stock in developing countries was 0.4 per cent, while between 1975 and 1985 migrant stock increased by 2.2 per cent per year. Southern Asia, Western Asia and North Africa have accounted for the largest share of this increase.

International migration might be expected to grow in the future because of several factors, such as population increase, poverty, structurally caused un- and underemployment, political conflicts and other factors (see Chapter 3). However, there are no obvious causal links between such variables and international migration (Tamas 1996). It has even been difficult to find or verify the causal relation between high birth rate and migration flows from developing to developed countries (Muus 1993). Statistics and figures however have often expected the growth of international migration.

In addition, the population increase in the developing countries has not been accompanied with a growth in employment opportunities. The labor forces grew by an estimated 2.3 per cent in the countries of the developing countries during the 1990s. Such an increase requires a growth in employment opportunities of 260 millions jobs. An even larger expansion in employment will probably be necessary as more women may be expected to enter the labor markets in developing countries (UNDP 1993:36-7) (see Chapter 3). The present level of unemployment and underemployment will continue and probably grow, thereby giving new incentives to a future increase in migration from developing to developed countries. However, as shown by the theoretical analysis in this article, the cause of staying may be even more powerful, even with such gloomy prospects. Moreover, intra-developing countries or developing-developing migration flows, although only partially analyzed in this article (see Chapter 4), may be an important alternative strategy for those people who will face unemployment. For example, more than 90 per cent of South Asian migrants since the mid-1970s have gone to oil-exporting countries in Western Asia (Shah 1994: 227). Migration within Africa has been extensive, particularly as ethnic groups are dispersed over the political borders. Cross-border commuting may be also an important alternative to long distance developing to developed countries migration.

2.2.3 Perspective of Developed Countries

Many countries of destination (in Europe, North America and so on) fear that the growth in migration is only the beginning of much greater international population movements. To meet future flows, which might threaten the stability and security of states, governments in the developed countries and international organizations have launched new and comprehensive policy programmes. These include not only border controls, visa systems, deportations, and anti-trafficking legislation, but have recently also targeted programmes for development assistance, international trade and foreign investments. Therefore international migration is often regarded as a carrier of potential conflicts and security risks affecting ethnic and social relations, and in the end, economic and political stability in the countries of immigration (Weiner 1993).

Immigration to the developed countries is no longer welcomed or tolerated and strongly restricted. Although migration from developing to developed countries migration has been reduced, it has not come to an end. Immigration of close relatives is often allowed. Asylum seekers may be admitted. Professionals and some specialists are given work permits, and tourists and business people are welcomed. Among all of these, some foreigners on visit will overstay their visas, requesting asylum, or enter the labor market as illegal. Several countries in the developed countries experience considerable illegal or clandestine immigration. Domestic economic interests often demand cheap immigrant labor to be employed in the black or gray, informal labor market. Migrants there take on jobs which native-born people do not want. At the same time, the fear of "being flooded" is often more widespread and more politically charged in a society in times of limited economic growth. Dissatisfaction is projected on the foreigner, resulting in xenophobic attitudes and behavior.

2.2.4 Perspective of Developing Countries

From the perspective of the developing countries, emigration to the developed countries constitutes merely a limited option. From the perspective of both individuals who might consider migration and of policy makers who might see emigration as a means to societal improvement the doors have been closed. However, the need or motives for migration still exist.

Most developing countries are internally very heterogeneous and different in most respects. Although most have not implemented a specific emigration policy, however, they see migration as a matter of great relevance in the post-colonial relations to the developed countries. A new scenario might also emerge elsewhere. Countries, such as Bangladesh, Pakistan, the Philippines and Sri Lanka, have actively pursued policies of labor emigration. They have wanted to deploy surplus labor into gainful work abroad in the hope that skills will later on be transferred back again. More importantly they have obtained substantial amounts of savings from migrants temporarily working in other countries. The economic impact of these remittances has, however, been disputed. It remains unclear how much a country as a whole gains or loses from emigration, remittances and return migration.

The loss of skilled people or "brain drain" has in some instances been seen as an obstacle to development. It leads to a shortage of skilled manpower in developing countries. However, this article also describes that "brain drain" is a trade-off or exchange: it is linked to remittances, the migration of other talents from other countries, and the return of these with more training and experience. Therefore, 'brain brain" can translate into "brain gains" in a context of imperfect information and returning migrants (see Chapter 4).

2.2.5 Perspective in Migration and Economic Issues

A well-known phenomenon in the evolution of migratory flows is constant transformation linked to the evolution of a country's economic structure. There has been a general tendency to ignore the influence of governments in determining the volume and composition of emigration. Although the development process depends upon a complex of socio-economic variables, capital formation, trade, skill level, etc, a country's immigration or emigration policy will normally be determined by its stage and rate of economic development. A great deal of migration occurs between countries at different levels of economic development and rates of economic growth within a specific region, therefore migration at times become a "vital mechanism to reduce unemployment and underemployment" are induced return incentive on the basis of original countries' need. On the other hand, the more developed countries in this region provide professional transients and received unskilled workers to fill "undesirable" jobs.

The proposition put forth is in this paper that governments of developing countries utilize legal migration, primarily to facilitate economic growth. However, it is noted that this proposition does not relate to the decision-making processes of individual migrants. Economic motives may predominate, but complex of social and psychological forces will almost certainly color their decisions.

The modern global economy, as argued by Salt and Findlay (1988), functions through the movement of a highly skilled elite which is responsible for the transfer of knowledge from one part of a system to another. Large transnational corporations with internal labor markets has created new patterns of international migration that are difficult to incorporate into formal migration models based on real income differentials. He also discussed permanent migration to and from developing countries that focuses on the issue of brain drain. Mundende (1988) is of the view that its net impact on developing countries has been negative, causing perpetual postponement of major development efforts and dependence on expatriates. He disagreed strongly with the view that its negative consequences have been compensated by remittances.

On a similar note, a study by Thomas Straubhar in 1998, (neoclassical) economists agree that migration is a positive mechanism: Migration is an arbitrage process that overcomes local surpluses or scarcities in factor endowments. The emigration of skilled labor exerts a negative effect on per capita income. Whereby, a significant decrease in the average stock of human capital will lower the income more than proportional. On theoretical grounds there is a strong conjecture that the emigration of skilled labor will harm those left behind whereas the emigration of unskilled labor will in contrast be beneficial for the sending country. He also argued that remittances could be viewed as an endogenous compensation mechanism for the sending countries. Within the literature on the brain drain it is even stated that the presence of remittances can be used for productive investment and thereby raise the per capita income for the remaining population.

One of the most important deficiencies concerning studies on the brain drain and remittances are data on shortages of highly trained personnel in sending countries. Most of the data available relate to general immigration statistics or to samples of students residing in receiving countries. Much as these data are helpful in understanding certain aspects of the brain drain problem, they do not show scarcities. Data on the situations of migrants before departure could be helpful in understanding the causes and impact of brain drain on specific sending countries. By using newly available data, estimates of the stock of migrants based on educational and economic integration levels in developing countries can be made. As the paper will illustrate below, these estimates are quite rough and leave a lot to be desired in many aspects. Nonetheless, they are good enough to give a sense of the empirical magnitude of the phenomenon so that they may be useful to researchers who intend to study the impact that globalization of capital movement and economic integration has on international migration and development in developing countries, as well as to those who may be interested in formulating a policy response.

2.2.6 Globalization in Perspective

Globalization: 'globalization' is a term 'which can refer to anything from the Internet to a hamburger' (Strange, 1996, p. xiii). Jan Aart Scholte argues similarly that ideas of 'globalization' are 'so broad, diverse and changeable that it sometimes seems possible to pronounce virtually anything on the subject' (Scholte, 1997, p. 430). Migration and globalization are both extremely complex processes that remain very poorly understood and do not lend themselves to any accurate prediction. 'Caution therefore needs to be exercised in any efforts to explore the linkages between the two. This should however not deter such efforts. Any analysis concerned with the dynamics of contemporary migration must consider key transformations in today's international political economy and their implication, and the implications of globalization. For example, many observers predicted sudden large-scale movements of migrant workers, including large-scale deportations to result in South-East Asia from the 1997 financial crisis, and yet it turned out that relatively small numbers were forced to move at the time largely because the main sectors employing migrant workers were not as directly or severely affected as many had expected (IOM, 1998). The longer-term impacts of the crisis on the political economy of the region will almost certainly have a profound effect on the future dynamics of migration in the region. But it is however impossible to say at this point what these will be. If theories of international migration can tell us anything, it is that the dynamics and patterns of migration are so complex as to be almost beyond effective theorizing, especially at the macro levels.

Today's scholars often debate globalization, which transcends the territorial borders of states, as a popular word. In practice, the word is generally used more loosely by people. Almost all international processes for example, international trade, international financial flows, foreign direct investment and other forms of transborder linkages among private firms, are considered aspects of globalization and influence each other. Globalization not only means trade liberalization, free capital mobility, privatization, commercialization and the empowerment of transnational corporations (TNCs) but also creates conditions leading to the further expansion of these international flows and linkages. The intensification of transborder linkages was made possible by the rapid liberalization of developing countries in their trade and investment regimes. This has resulted in the advances in information technology as a vehicle of transmission.

Globalization however implies broad macro trends on dynamism for creating a qualitatively new international environment in development, fast leading to a qualitatively new world economy and rapid increases in international migration flow. Any analysis concerning with the dynamics of contemporary migration must consider key transformations in today's international political economy and the implications of globalization. In turn, which raises a host of new challenges and problems in certain areas of national development. In this paper, the treatment of the relationship between globalization and migration rests on the profound and farreaching effects those changes have taken in the structure, dynamics and forms of global financial movement in recent decades.

While domestic management weaknesses have played a role in all cases, openness to the global world economy and the difficulties experienced in managing that openness have also been important factors. Thus, capital outflows and outright capital flight have occurred in a number of countries in East Asia and in some countries in Latin America following the financial crises. Trade might have expanded rapidly during the past decade but for developing countries the growth of exports has lagged behind the growth of imports. This is particularly true for Latin American countries, where the gap between import growth and export growth has averaged 4 percentage points with the notable exception of China. The reasons for this situation are complex but, as the *Trade and Development Report, 1999* shows a combination of declines in terms of trade, losses of export purchasing power and big-bang liberalization of trade and capital accounts have contributed significantly to this outcome. Slow growth in industrial countries has also been an important factor.

The result of these trends is that, for many developing countries, the average trade deficit in the 1990s was higher than in the 1970s by almost 3 per cent of GDP while the average growth rate was lower by 2 per cent per annum. Polarization among countries in the 1990s accompanied by increasing inequality within countries has also resulted. The income share of the richest 20 per cent has risen almost everywhere, in many cases reversing a post-War trend. Increased job and income insecurity has become the norm in developed and developing countries alike, despite improved price stability and fiscal discipline.

This overlooked a simple but fundamental fact: the twin processes of liberalization and globalization have sharply accentuated the extent to which economic success depends on the rapid acquisition of skills and on the creation and effective utilization of technology and information and their exploitation markets. In such an environment, these processes have actually widened the gap between the feasible options available to skill-rich, developed countries to accelerate growth and those available to most developing countries, just as they have widened the gap between the feasible options available to the educated elite in all countries to expand their incomes and welfare and the options available to most of the rest of the population.

There is thus urgent need to rethink the processes, mechanisms and policies that underpin the functioning of the world economy, and in particular those that link developing countries to the forces of globalization. Not only would such reflection be timely; it is also feasible, since globalization is not a closed chapter but rather an evolving process subject to further change. This re-examination would have to address directly the issue of how to make these processes internally coherent. For example, is the growing phenomenon of growing unemployment and widening income differentials between skilled and unskilled workers intrinsic to globalization? Above all, it is necessary to make these processes more equitable. A world economic system that fails to offer poorer countries and the poorer parts of the populations within them, adequate and realistic opportunities to raise their living standards will inevitably lose its legitimacy in much of the developing world. Without this legitimacy, no world economic system can be sustained.