Chapter 3
Globalization and International Migration

3.1 Introduction

Most of the time, people migrate in search of better economic opportunities under the condition of economic development and demographic pressure for the migrants and their families offered by foreign countries. Moreover, poor economic prospects at home, e.g. unemployment, low wages, meager career prospects for highly educated people, significant country risk for national investors, also propels people to emigrate. In addition, there are non-economic reasons to emigrate such as war, ethnic discrimination, political persecution at home, etc. In addition, the choice of the country of immigration is often dictated by the existence of a network of family and friends that have previously migrated to that specific country (World Bank, 2000).

Globalization has affected extensively the original impetus of individuals to migrate through the change in international trade and capital flow, state authority, information technology and labor market among them. Linkages between receiving and sending countries are readily established and increased migration is evident. As the free movement of goods and capital between the rich and poor countries is not large enough to offset the needs for employment in poorer countries, globalization will promote and increase the pressure of international migration.

3.2 Causes of International Migration in New Age

International migration is an enormously diverse issue that encompasses many kinds of human movement associated with a variety of forces and motivations that have very different causes and consequences. For centuries, the main reason why people emigrated was to find better land and climate that would bring better harvests to expand colonial empires. In the modern age, several changes in the general conditions for political and economic development are reasons for population shifts becoming more differentiated and complex.

In mid 1998, world population stood at 5.901 billion, 4.719 billion persons (80 per cent) were in the less developed regions, and 1.182 billion (20 per cent) were in the more developed regions. Ninety-seven per cent of the world population increase is taking place in the less developed regions. Every year the population of Asia increases by 50 million, the population of Africa by 17 million, and that of Latin America and the Caribbean, by nearly 8 million. Africa has the highest growth rate among all major areas (2.36 per cent). Most countries in Europe and North America now have population growth rates of less than 1 percent and many below 0.5 percent and still falling. On the other hand, the 1996 Human Development Report estimated that, between 1960 and 1991, the share of global income of the richest 20 percent of the world's people rose from 70 to 85 percent while that of the poorest declined from 2.3 to 1.4 percent. 1993, of the $23 trillion of global GDP, shared $18 trillion in industrial countries and only $5 trillion in developing countries (UNDP, 1996,P12). This rate of economic development and demographic pressure present an evident imbalance between developed and developing countries. Where imbalances are combined with labor shortages in low birth rate countries and poor living standards in underdevelopment high birth rate countries and migration clearly offers the opportunity to improve at all levels.

When the divergence arises, the gaps will widen after the integration of world markets, leaving the poorer countries even further behind. This Chapter attempts to explain the causes of international migration in understanding this gap.

1) Divergence between the richer economics of DCs and LDCs has produced tempting disparities in wages. With sharp income differentials, many workers in developing countries venture and across border for higher wages. A broader range of comparisons is illustrated in **Table 3.1**, which shows hourly wage costs in manufacturing

Table 3.1 Hourly Labour Costs in Manufacturing (U.S.$), 1980-1995

	1980	1985	1995
United States	9.87	13.01	17.20
Canada	8.67	10.49	16.03
Australia	8.47	8.20	14.40
New Zealand	5.33	4.47	10.11
Europe			
France	8.94	5.72	19.34
Germany	12.33	9.60	31.88
Italy	8.15	7.63	16.48
UK.	7.56	6.27	13.77
Austria	8.88	7.58	25.33
Belgium	13.11	8.97	26.88
Denmark	10.83	8.13	24.19
Finland	8.24	8.16	24.78
Netherlands	12.06	8.75	24.18
Norway	11.59	10.37	24.38
Spain	5.89	4.66	12.7
Sweden	12.51	9.66	21.36
Switzerland	11.09	9.66	29.28
Czech Republic	N.A	N.A	1.30
Hungary	N.A	N.A	1.70
Poland	N.A	N.A	2.09
Russian Federation	N.A	N.A	0.60
Asia			
Japan	5.52	6.34	23.66
Singapore	1.49	2.47	7.28
Hong kong(China)	1.51	1.73	4.82
China	0.25	0.19	0.25
Taiwan(China)	1.00	1.50	5.82
Rep. Of Korea	0.96	1.23	7.40
Malaysia	0.73	1.08	1.59
Thailand	0.31	0.49	0.46
Philippines	0.53	0.64	0.71
Indonesia	0.16	0.22	0.30
India	0.44	0.35	0.25

Source: Morgan Stanley and Co.Inc., 1996 around the world. Apart from showing the sharp differences in wages between industrial and developing countries, this study also shows that how high wages magnetizes labor migration form poor countries. On the other hand, 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 in developed countries seek low-wage migrant workers.

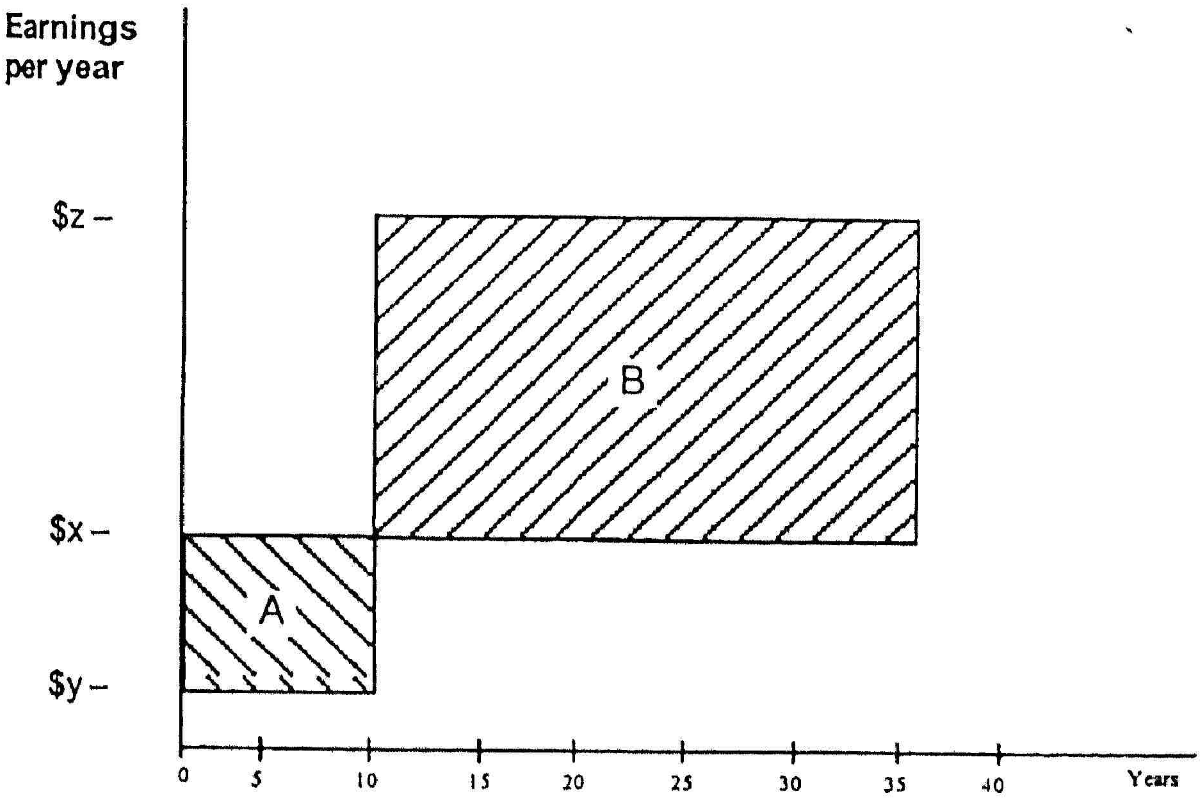
2) Geographical differences in the supply and demand for labor in origin and destination countries as the major factors driving individual migration decisions. As incomes rise people consume more services. People travel more (the cost of air-traveling has substantially declined in recent years), eat out more offerings, demand more the entertainment industry expands, housing cleaning and maintenance services exchange, etc. In nature, jobs created from these activities are highly unskilled labor and are increasingly refused by nationals of rich countries. This provides an incentive for low-skill workers to migrate to higher income countries and enroll in these activities. For example, labor markets, which enjoyed proximity geographical, similarity climate and cultural affinity with destination countries, are the primary mechanisms inducing such movements.

3) Individual actions' decisions to migrate are based upon a cost-benefit calculation. This decision however take into account, thus, one aspect of economically driven migration does not fully express is the migrant's judgment on long-term earnings. It is quite possible, for example, as **Figure 3.1** pointed out that individuals might choose to move to a country where they would initially earn less but where they believe they will gain in the long term. In this context, individual decision-making, social, or technological factors that bring the lower costs, can also lead to increased migration.

4) Migration as a family (group) strategy to diversify sources of income, minimize risks to the household, and overcome barriers to credit and capital. In this model (the New Economics Model of Migration), 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, future markets, unemployment insurance, or capital markets.

5) International migration is generated as land, raw materials, and labor in areas of origin are drawn into the world market economy disrupting traditional systems. Transport, communications, cultural and ideological links that accompany globalization further facilitate international migration. For example, the Latin American press takes

Figure 3.1 Decision to Migrate Based on Long-term Earnings



Calculating the Net Return to Migration

The decision making process for a potential migrant deciding whether to leave home can be expressed in the following identity:

$$ER(0) = \int_{0}^{n} [P1(t)P2(t)Yd(t) - P3(t)Y0(t)]e \; dt - C(0), \text{where}$$

ER(0) =Expected net return to migration calculated at time 0.

t = time

P1(t) =Probability of avoiding deportation (from 0 to 1)

P2 (t)= Probability of employment at destination.

Yd(t) = Earning if employment at destination.

P3(t) =Probability of employment at community of origin.

r =Discount factor to reflect the greater utility of present money.

C(0) =Total costs of movement (financial and psychological)

If ER(0)is positive, the rational actor will migrate.

On the basis of this identity, governments who wised to influence migration

Would attempt to affect earnings, the comparative probabilities of employment, and the costs of migration.

Source:Massey, D, et al.1993

> about 50 percent of its news content from U.S.A agencies, Star TV, a satellite service based in Hong Kong, and reaches 38 Asian countries. All of these permit the spread of Western consumption values. All news and documentary programmes carry striking images of living standards and forms of life, which can be very attractive to the unemployed young people of developing countries.

When we analyze the causes of international migration, in theory, divergences between population growth and economic development should lead to large-scale flows of international migration. Here, we encounter an interesting question on the magnitude of the flows of international migration as posed by Borjas (1999). For example, given the very sizeable wage differentials between countries (for example, while Sweden's per-capita income is about U$ 25,000 per year, Ethiopia's is just around U$ 100 per annum) are not observed larger flows of international migration between the two nations. In fact, there is *too little* international migration. Borjas' emphasizes the role of cultural differences across countries, for example, language, traditions, family relationships, etc, as an important dampening factor to international migration.

Another explanation complementary to the cultural factor, ~~are~~ is migration policies. If migration policies in host countries are not favorable to immigration they can also deter migration albeit not completely, as it is implied by the rise in illegal migration to receiving countries in the 1990s. Political factors take on a greater importance than economics factors with regards to the destination of emigrants. Since the 1950s, immigration caused political and economic problems in recipient countries, which led them to adopt restrictive measures on the entry of new immigrants. Government policy interventions affect migration by regulating or influencing labor markets in origin and destination countries. (Development policies that raise incomes at the point of origin, decrease the probability of employment at destination countries or increase the costs of migration). On the other hand, governments influence migration through their policies toward insurance, capital, and future markets, and through income distribution policies that affect the relative deprivation of certain groups and thereby their propensity to migrate.

This view of 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. Increasingly, non-economic considerations caused by the political upheavals are increasingly exerting and influence on an international migration. For example, more than 9 million former Soviet citizens moved following the collapse of the Soviet system between 1993 to 1996 (Bennett Jones, O.1996). While migration flows are generated primarily by wage differences, social and political pressures also distort them, as host communities become more resistant to new arrivals. As a result, globalization policies enables free movement across frontiers of products and capital, which far from reducing international migration flows, will give rise to increased migration pressures in the years ahead.

3.3 The Impact of Globalization on International Migration

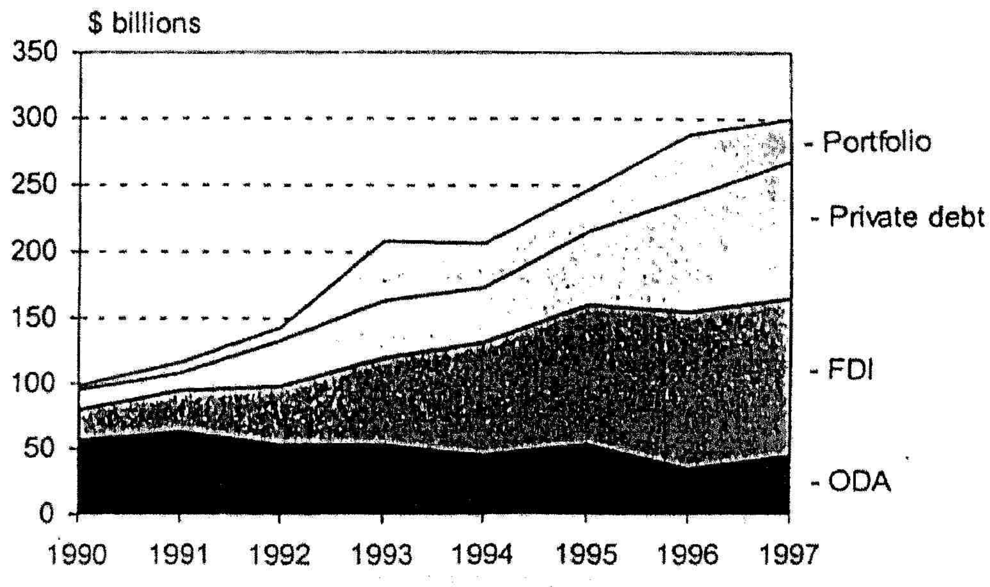
Globalization creates the incentive for immigration and speedup international migration and migration rates through the following:

3.3.1 International Trade and Capital Flow Change

In the 1990s, diminishing tariffs and quotas relaxed controls on capital and currency movements and revived multiple exchange rates and indeed increased international trade. The ratio of exports (or imports) to gross domestic product consequently rose in most countries. For instance, between 1870 and 1913, international trade expanded at around 3.4 percent per year, after 1950, trade grew at over 9 percent per year (World Bank, 1998b). Around a third of the world's private productive assets (Spero, 1992, p. 132; and Horsman and Marshall, 1994, p. 201) operate in markets that are largely unconstrained by national borders.

With regards to capital, the private capital flows to developing countries increased more rapidly and a new tendency had a tendency of changing the character of capital flow. Figure 3.2 illustrates recent trends showing how the character of capital flows has been transformed (World Bank 1998a). In earlier decades, more than half the capital arrived as official development assistance (ODA). The 1990s, however, have seen a steep rise in private capital flows, which by 1997 accounted for 85 percent of total flows, either in the more volatile form of portfolio investment or private debt or longer-term foreign direct investment (FDI). This increasing globalization of capital flows could contribute to a dampening of migration.

Figure 3.2 Aggregate Net Flows to Developing Countries, 1990-1997



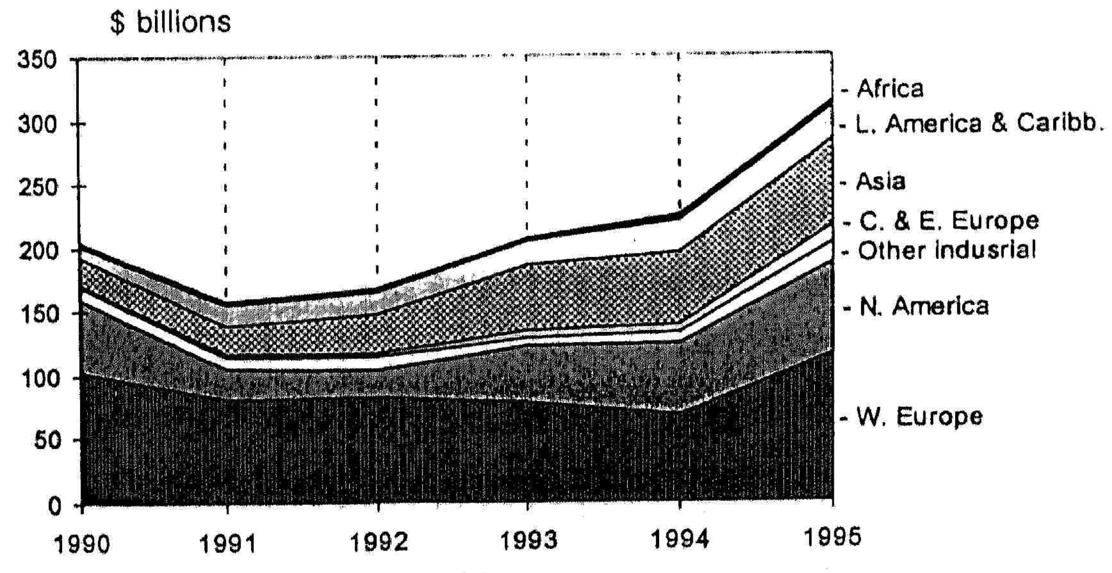
Source: World Bank.1998a.

In fact, Figure 3.2 illustrates long-term flows of capital, for example, foreign direct investment and portfolio investment, which are largely market-driven.

1. Foreign direct investment in developing countries is thought to make only a marginal contribution to the resources available for capital formation. At its peak in 1975, foreign direct investment was equivalent to only 0.9 per cent of the GDP of developing Countries (Keith Griffin, 1989). In the period 1980-85, it was just under 0.4 per cent. These figures may be slightly misleading because more and more transnational corporations are resorting to new forms of investment, management and control, Such as joint ventures, licensing arrangements, franchising and subcontracting agreements. These are increasingly replacing direct equity investment the transfer of technology, which reduces the need for wholly owned subsidiaries in developing countries (Charles Oman, 1984).

   Thus the influence of transnational corporations in developing countries may be greater than is suggested by the size of the total stock of foreign capital. On the other hand, the share of developing countries in global direct foreign investment is low and has declined by nearly a third in just twenty years in comparison to the flows within the developed countries. The gross inflow of foreign investment in the 31 developed countries in 1990 was $173 billion, or nearly eight times as much as the amount received by 126 developing countries (excluding the 15 republic of the former Soviet Union) combined (World Bank, World Table, 1992). In 1995, of the $2.6 trillion global inward stock of foreign direct investment (FDI), 73 percent went to industrial countries. Figure 3.3 indicated where FDI flows have gone. As this chart shows, most investments to the developing world have gone to Asia and Latin America. In addition, transnational corporations have been heading for

Figure 3.3 Inflows of Foreign Direct Investment, 1990-1995



Source: UNCTAD (United Nation Conference on Trade and Development), 1996a.

more adventurous destinations in the developing countries. Between 1984 and 1989, developing countries received on average only 19 percent of FDI flows, by 1995 had reached 38 percent. The pattern, then, is clear: most direct investment occurs in rich countries and not in poor ones and within the group of developing countries, foreign investment tends to be attracted to the relatively better off and more rapidly developing countries. Transnational corporations tend to choose places with sound transport infrastructure and good local and international links, and the standards they demand are rising all the time.

2. Portfolio investment in developing countries for example, equities and bonds have increased dramatically in recent years in tandem with the development of globalization. The World Bank estimates that portfolio investment more than doubled between 1990 and 1991, reaching more than $20 billion, and then increased again in 1992 to about $34 billion (World Bank, 1993). For example, investments in the equity markets of developing countries have been stimulated by attractive stock offerings in some of the higher income Latin American countries and by the opening up of stock markets in several other developing countries, primarily in Asia. Much of this "foreign" investment appears to have been flight capital returning home to take advantage of the sale of public enterprises under privatization

programmes. The bond market in developing countries, after declining in significance during the 1970s when petrodollars were recycled by the commercial banking system, has now begun to revive. In common with other forms of private foreign capital, bond investments have been concentrated among a very small number of countries, which have good international credit ratings. Eight countries in 1991(Argentina, Brazil, Chile, Mexico, Venezuela, Hong Kong, Turkey and Hungary) accounted for 72 per cent of the international bonds issued by developing countries (IMF, 1999). On the other hand, in order to attract foreign capital, the developing countries have had to offer high rates of interest and short maturities. One likely consequence of this is that the net resource flow will become negative rather quickly. In addition, resource flows are likely to be volatile because equity and bond markets in developing countries are thin and investments in them are risky. This negative resource transfer does indicate that current outflows of capital reduces the resources available for current expenditure, including expenditure on investment in physical and human capital, and hence lowers the potential rate of growth and the future standard of living.

All in all, according to Nobel Prize Robert Mundell (1957), under a set of special conditions (constant returns to scale, perfect competition, and no distortions) international trade (movement of commodities) is a *substitute* for factor movements, including the movement of people. The main reason driving this result was that the equalization of factor prices through international trade would create no incentive for capital or labor (people) to move across national boundaries. Moreover, the factor price equalization process through international trade may take a long time to operate when there are large per-capita incomes differentials between the trading partners. Those large income differentials between two countries generate powerful incentives for international migration. The Mundell result of trade as a substitute for migration provides a rationale for expecting that a reduction of trade restrictions in industrial countries can reduce the pressures for international migration. However trade opening may not be enough to dampen international migration to rich economies in view of the large income differentials between rich and poor countries that are observed today.

These evidences illustrate that the impact of globalization is a likely worsening of migration pressures in many parts of the world. Migration's processes integration to globalization have intensified the disruptive effects of modernization and capitalist development, especially in developing countries. While this has been different from country to country, but the general effect has been a crisis of economic insecurity.

3.3.2 State Authority Change

The state as an economic entity arguably reached the peak of its power in the middle decades of the 20th century. It is now under attack simultaneously by contradictory forces, supranationalism (including globalization and rationalization) and sub-nationalism. For example, multi-country source, multi-country banking, transworld marketing, and the expansion of intra-firm trade, have led to the creation of a variety of multilateral governance structures in different sectors (trade, security, development aid, multilateral credit, etc.). They 'have created a new kind of relationship between states and transnational corporations' (Horsman and Marshall, 1994, p. 204). This relationship was achieved through state integration in the economic, political and social lives. Integration of states into something approximating a single, unified international economic system not only has increased their openness in a conventional sense, it also has weakened the ability of the state to impose on its economic behaviors. For example, the internationalization of currency markets has also made it more difficult for central banks to control the money supply. Integration of bond markets has made it more difficult for the state to determine the nominal rates of interest and the term structure of interest rates. Transfer pricing by transnational corporations has made it easier for enterprises to shift their profit tax liabilities from countries where taxation is high to countries where it is low. As international markets have eroded political sovereignty, the state increasingly unable is to act unilaterally on economic matters and achieve its objectives. Just as Keynesian macroeconomics is no longer possible in one country, so too have conventional microeconomic interventions become more difficult to sustain. States authority is changing and diminishing and states are losing their capacity in the fundamental matters of providing security against violence, stable money for trade and investment, a clear system of law etc. On many crucial issues, 'markets are now the masters over the governments of states' (Strange, 1997, p. 4).

In facing challenges of globalization, if the state attempts to guarantee employment and investment and create much of the regulatory environment in which transborder capital operates. This will bring the conflict with the mobility of global capital in search for cheaper inputs and more lucrative markets. Sometimes it brings some "bad" flows to states, for example, smuggling of goods, indeed over invoicing of imports and under invoicing of exports are frequently used devices to escape taxation and facilitate capital flight. Finally, loosening of state controls encourage illegal migration which appear irregular and go unrecorded.

3.3.3 Information Technology Change

Globalization refers both to the diminishing of the size of the world and the intensification of consciousness of the world as a whole because of information technological change. Advanced communications technologies, which are the basis of establishing the universal date and time zones allow for extensive coordination and synchronization. Time and space have thus become objects to be manipulated. Many other aspects of life have been "codified" to make them uniform and exchangeable, in particular the universal media of financial exchange, from cash to credit cards. The latest manifestation of technological change is the expansion of the Internet, where the volume of data traffic has been doubling every 100 days and is expected to connect 200 million users in more than 140 countries by the year 2000. These fundamental changes have made it easier than ever for various activities of a single production process to be located in different parts of the world, thereby facilitating the "deep integration" of production through the activities of transnational corporations.

Rapid technological change including new communications technology and the cheapness of transportation made it possible for the character of international migration to also change. For example, by 1990, air transport costs per mile were less than 20% of their 1930 level (World Bank, 1995). Between 1930 and 1996 the cost of a 3-minute telephone conversation between London and New York fell from $300 to $1, (Economist, 1997) migrants allowing move back and forth much more readily and rapidly keeping in regular contact with their following at home. In addition, it is interesting to note that while technological innovation has facilitated the global mobility of capital and constrained state control over commercial and financial flows, new technology is facilitating ever closer monitoring and control over the movements of people. Most importantly, the increasingly critical role of knowledge as an economic input in the dynamic sectors of the world economy has important implications for income distribution within and among countries. A knowledge-based economy naturally operates to the advantage of those who are able to handle knowledge and against those who are not. In a world economy in which knowledge is the critical component of economic success, countries without the skills necessary to manipulate knowledge-based processes and to benefit from changes in technology fall behind even when the world economy grows vigorously. Indeed, this may happen even if they are increasingly integrated into such a world economy.

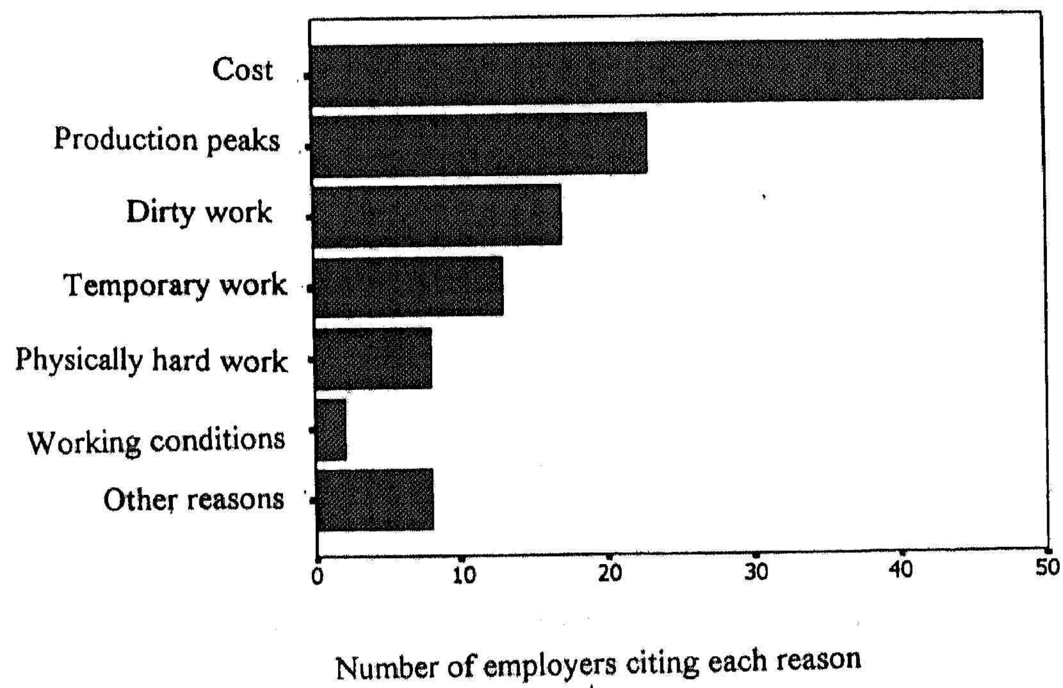
The global communications revolution and the expansion of global electronic mass media and marketing might be expected to encourage more people to move to the North from poorer countries in the South. The likelihood, it would seem, is that, because of their greater familiarity with the North and perceived opportunities to be gained through the global media, more people will be willing or tempted to take the risk and incur the cost of migrating. There again, it is impossible to measure or predict the impact of these factors on the size and patterns of actual migration flows. It is possible, for instance, that, for many people, their easier access to Northern culture and styles of consumption through global information networks and mass marketing of various kinds will reduce any incentive that they might have to move. Most people, after all, prefer not to migrate if they feel that they can satisfy their needs at home. For others, exposure to Northern-dominated commercial images will fuel a rejection of the North and its culture, particularly where a sense of marginalisation and exclusion from the North is reinforced by strict migration controls (as evidenced, for instance, among Islamic militants in North Africa).

From this viewpoint, it is also important to note that migration is not forcing the pace of globalization. If anything, globalization downplays the significance of most forms of migration, at least its economic significance, by prioritizing the relative power of capital and reprioritizing labor.

3.3.4 Labor Market Change

At present the international labor market is characterized by a pronounced asymmetry. Although globalization did not give birth to flexible forms of work, it contributes to their development through the international network enterprise, which was created by globalization. The network enterprise is a unit of business operations made up of different companies or segments of companies, as well as of consultants and temporary workers attached to specific projects. Large companies rely on vast networks of suppliers, whose quality and responsibility are critical for the success of the larger company. On the other hand, society always needs people who are willing to work in unpleasant conditions and who will accept precarious employment. Some indication of the relative importance of these factors can be gained from **Figure 3.4**, which summarizes the results of a survey of employers in the Netherlands in 1994 (Zandvliet, C., and J. Gravestrinjn-Ligthelm.1994). These illustrate the reasons that eighty-four employers from a range of industries gave for employing undocumented immigrants.

Figure 3.4 Reasons for Employing Workers Without Authorizations Netherlands, 1994 ?



Source: Zandvliet, C., and J. Gravesteijn-Ligthelm,1994.

But nationals have become increasingly educated and have rising aspirations, and are often unwilling to accept these conditions-even preferring to live off welfare payments. Immigrants, on the other hand, especially those who do not intend to stay, are less choosy and take what they can get. The most important fact was that legal employees cost too much, particularly in the garment and in catering industries. However employers also reported that it was difficult to find people prepared to work for short periods to meet production peaks, particularly in agriculture, or to do work that was physically hard or dirty. Therefore employers prefer the easier (and cheaper) option of employing immigrant labor. The development of the network enterprise favors a diversity of contractual arrangements between capital and labor. The number of full-time, career-seeking, long-term salaried employees is decreasing, and the system is evolving towards a very diverse pool of workers who are part-timers, on-workers, temporary workers, self-employed, or high-turnover workers. In the information age, a fundamental new trend in labor relations seems to be the individualization of labor conditions and labor contracts, reversing the trend towards the socialization of labor that characterized the industrial society (Castells, Enterprises and Jobs, 1999).

One problem arises on whether the dynamics of migration stimulate the expansion of female employment when the women would like or are expected to enter the labor markets. As we know, most of migrants from poor communities practise as a family survival strategy. The migrant promises to send money home, increasing their remittances on occasions when the family is in particularly difficult straits, for example, crop failure. Most of such "co-insurance" contracts will be sustained by altruism and family ties. The women of family left behind achieve greater independence depending very much on the family circumstances, because the migration of the husband does offer women a greater degree of responsibility; looking after the family or carrying out some of the business activities of the absent husband. With increasing independence, women may not only be escaping unemployment, but may also want greater freedom and personal fulfillment. And they even may take the opportunity to join their husbands abroad or contact their family through contracts with agencies or newspaper advertisements. As they settle down in these countries, they "invite" friends and relatives to visit them who either find work or get married. In the USA, family reunification has been the main source of increased immigration. So women make up an increasing proportion of international migrants. An analysis of censuses around the world between 1970 and 1986 found that some 77 million people had been enumerated outside their country of birth and that 48 per cent are women (United Nations, 1990).

The reason for the increase of female migration besides family reunification and family survival strategy is an increasing demand for female workers in domestic service, entertainment, and the service sector. For example, an airport survey in Sri Lanka in 1990 found that 65 percent of migrant workers were female, of whom the majority were domestic servants (Bandara, 1991, P.2). Of the migrant workers who have left Indonesia officially, 78 percent in 1988 were women (Lim, 1991, P.14). Chain migration especially in family units is of special interest to migration researches. However, migration has also an impact in the social lives of both the migrants and the families left behind or indefinitely separated. We are well familiar with stories of female migrants' alienation of their children. They have become the "dollar mommies" with little personal closeness to their offspring. The husband-wife relationship deteriorates as well due to the long separation. It is not unusual to hear of extra-marital affairs committed by the husband while the wife is abroad. However, this is not the trend. Studies indicate that marriage and family life have generally remained stable (Cohen, Robin. (Ed.), 1996). Women migrants particularly experience isolation especially when language is totally foreign. They are also forced to live in a foreign culture that has low regard for poorer countries. Abuse in many forms is common in these situations.

Additionally, at the beginning of the 21st century, it has been recognized that powerful states have made considerable efforts to create global trade and investment regimes to support the processes of the global economy instead of seeking a comprehensive global labor regime, as the global market does not depend on flows of labor in the same way that it depends on capital and commodity flows. However, the negative impact of globalization has on international labor market is as follows:

- Multinationals have exported jobs from developed countries to developing countries through foreign investments and outward production in special economic zones;
- Through trade liberalization, governments have encouraged the replacement of domestically produced goods with goods produced abroad;
- The increased application of technology, especially in globally operating companies, can reduce their dependence on labor.

As a result, unemployment and the loss of jobs in developed countries is quite commonly associated with globalization which lead to those countries offering cheap, unskilled labor whose wages can be reduced further. On the other hand, talented workers who have power and mobility, or highly skilled technical and managerial personnel have become the most popular types of immigrants.

As we have seen, this alternative employment arrangement has made the number of unemployed persons to reach 36 million from its already unacceptably high level at the end of the previous decade. On the other hand, the ensuing unemployment would have been a potential incentive to migrate from poorer countries to richer countries nowadays. However, during less buoyant circumstances, when countries have much higher levels of unemployment and slower growth, there are understandable fears that immigrants are taking jobs from national workers, or at least are depressing wages. In principle, this has not happened, as migrants are themselves consumers whose employment will create demand for goods and services to be met by nationals. An OECD study was carried-out on whether greater immigration is associated with high unemployment through comparing the periods 1984-1989 and 1990-1995 (SOPEMI/OECD, 1997). The result is summarized in Table 3.2. They

Table 3.2 Gross Immigration Inflows and Unemployment

	1984-1989		1990-1995			
	Average inflows (thousands)	Un-employment rate (%)	Average gross inflows (thousands)	Un-employment rate (%)	Inflows increase (% of foreign population)	Percentage difference in un-employment rates
United States	675	6.4	1,128	6.4	+3.2	0.0
Germany	520	7.6	920	8.1	+9.2	+0.5
Japan	183	2.6	284	205	+6.6	-0.1
Switzerland	69	0.7	101	2.9	+3.5	+2.2
France	45	10.0	93	10.7	+3.5	+2.2
UK	50	8.6	54	9.4	+0.3	+0.8
Norway	18	3.0	18	5.5	-0.8	+2.5
Luxembourg	7	1.6	10	2.0	+2.3	+0.4

Source: SOPEMI/OECD, 1997.

Notes: The increase in inflows is expressed as a percentage of the total foreign population (foreign-born in the case of the United States) in 1984 (1982 for France and 1980 for the United States). Data for Germany are for the Federal Republic of Germany until 1990 and Germany as a whole since 1991.

suggest no direct correlation between the growth in entries of foreigners in a country and changes in the unemployment rate. In the countries with the highest increases of inflows, unemployment grew only slightly or declined.