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Europe: Migration and Development

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La actitud de los gobiernos hacia la migración -interna y externa- ha cambiado en forma radical en años recientes. Considerada anteriormente como evidencia de una descomposición crónica social y económica así como una seria amenaza para el poder gubernamental (bajo una urbanización acelerada), la migración interna es vista actualmente como un mecanismo muy importante para la redistribución de recursos de las localidades más ricas hacia las más pobres y un medio vital para elevar el ingreso de la población de estas áreas.

El mismo cambio de percepción se está presentando sobre la migración internacional. En este caso, los flujos de remesas de trabajadores que laboran en el exterior hacia sus familias en sus lugares de origen han sido vitales para el desarrollo económico de sus países de origen.

**Resumen / Abstract**

Government attitudes to migration - internal and external - have changed radically in recent years. Formerly seen as evidence of chronic social and economic breakdown and major threats to government power (in accelerated urbanisation), internal migration is now seen as major mechanism for the redistribution of resources from richer to poorer localities and a vital means of raising the incomes of the poor.

The same revision of view is affecting international migration. Here remittance flows from workers working abroad to their families at home have become major components in the foreign exchange earnings of a number of countries. After some
gen se han convertido en un componente relevante en el ingreso de divisas de un gran número de países. Al cabo de ciertas reticencias, los gobiernos ahora han venido aceptando la migración por trabajo, con el fin de facilitar y reforzar sus efectos sobre la paliación de la pobreza. Sin embargo, se presentan algunos problemas con la pérdida de los trabajadores más emprendedores y con mayor calificación en los países en desarrollo. ¿Pueden reconciliarse los intereses en juego -países en desarrollo, migrantes, países desarrollados-? La migración temporal circulatoria con propósitos de capacitación parecería ser el mejor resultado, de tal manera que la migración se convirtiera en un medio para potenciar el capital humano de los países en desarrollo en la tarea de reducir la pobreza mundial.

Existen, no obstante, muchas opciones sin inmigración para los países desarrollados, desde reformas a sus mercados laborales internos hasta la subcontratación en el exterior. La alternativa real tiene que ver con la clase de mundo que deseamos.

Palabras clave: migración, desarrollo, remesas, ayuda, pobreza.

reluctance, governments have come to embrace emigration for work, to facilitate and reinforce its effects on the alleviation of poverty. However, there are problems in the loss of the most enterprising and best-trained workers of developing countries. Can the interests at stake -developing countries, migrants, developed countries- be reconciled? Temporary circulatory migration for the purposes of training would seem to be the best outcome, so that migration becomes a means to enhance the human capital of developing countries for the task of reducing world poverty.

There are, however, many options for developed countries without immigration - from the reform of their domestic labour markets to off-shoring. The real choice is about what sort of world we want.

Key words: migration, development, remittances, aid, poverty.
In the recent past, migration in and from developing countries has most often been seen by governments as both abnormal and a sign of chronic social breakdown - an implicit indictment of a society's capacity to provide the social and economic conditions which permit people to lead an adequate way of life in the place where they were born. Many newly independent governments attributed internal migration to the damage inflicted by colonialism - or capitalism - and assumed that the newly liberated powers of the State could be used to end territorial inequalities and create the economic homogeneity across the national territory which was supposedly the promise of nationhood. In essence, population immobility, a settled nation, was seen as the norm. In those societies where nomadism was a significant phenomenon, the cruellest measures were undertaken to force people to settle (as in the well-known cases of the Roma in eastern Europe and the Kazakhs in the interwar Soviet Union).

From the 1950s with the increasing tempo of urbanisation in newly independent countries, particularly those which grew economically most swiftly, this negative attitude towards migration was reinforced by the fear that the modern economy and local government would be overwhelmed by the numbers of migrants and the spread of vast squalid squatter settlements and
shanty towns. At the beginning of the 1980s, a UN survey reported that a majority of governments in developing countries were dissatisfied with the internal distribution of population, and were either actively pursuing or considering policies to change this distribution. In some cases, this led to draconian policies of expelling large numbers of families from urban areas or shifting population by force to places where the government thought people should be (Ethiopia is said still to be undertaking this kind of policy; Mumbai and Zimbabwe are currently still pursuing large-scale urban squatter clearances). In possibly the most extreme case, in China, the bulk of the population was immobilised by decree, and others forced to move elsewhere; this pattern of control was steadily undermined by clandestine migration (much as irregular international migration undermines immigration controls), numbering possibly some 80 million by the time of the beginning of reforms from 1978.

It is amazing that this set of negative attitudes towards migration -and the associated singularly cruel policies of enforced relocation or immobilism- could have been sustained so long. For the evidence was abundant and available that migration was always not only one of the most powerful mechanisms for the redistribution of income -in migrant remittances- from rich to poor areas, but also an indispensable means whereby poor households were able to diversify their incomes and ensure their survival (Harris, 2004; Ellis and Harris, 2004). Thus, one of the first World Bank reports on China in the early 1980s specifically criticised Chinese migration policies as forcing poor people to remain trapped in poor localities instead of allowing them to escape to areas of greater potential (China was not alone, but undoubtedly the most thorough in this perverse policy; at various times, other governments pursued forced population movements or tried to prevent them - for example, the Philippines, Indonesia, Malaysia, Tanzania; and many more pursued population expulsions from the cities or inter-provincial transfer).

Now that the agenda for developing countries has been transformed, supposedly, to a single-minded attempt to reduce poverty as embodied in the Millennium Development Goals, governments have embraced a remarkable reversal of policy by now seeking not to block migration or expel people from the cities, but to facilitate mobility and the protection of families on the move.

Parallel to this recognition of the positive and important role of internal migration in redistributing income between rich and poor areas, in alleviating
poverty, has come the increasing awareness\(^1\) that the same generalisations applies to international migration. International remittance flows are emerging as major sources of revenue for developing countries. Indeed, of all the various economic linkages between developed and developing countries that are involved in the reduction of poverty -capital, aid, trade- one of the most important, migration for work, is usually almost completely absent from the discussion.

**Migration and development**

In the 1990s, the dynamic of Europe’s labour market attracted much larger numbers of regular and irregular workers from outside Europe, adding to the inherited stocks of the 1960s - globalisation has, as it were, now become inescapable on the streets of Europe’s big cities. The by-product of this change has been an extraordinary increase in the flow of worker remittances to their home countries (increasing rapidly worldwide and now approaching US$150 billion -including estimates of unofficial transfers in cash and kind, of $300 billion- possibly six times the levels of official development aid, now approaching $70 billion). The local value of these transfers is vastly increased by the substantial differences in purchasing power between developed and developing countries. The multiplier effect further compounds the total economic impact.

In development terms, this is a remarkable and unexpected increase in the revenues of developing countries. In addition, remittances are, in contrast to other revenue and investment flows, counter-cyclical (they increase in a recession), do not generate counter-flows (payments for imports, profits on foreign investment), and often go directly to those in need in some of the poorer localities (Suro, 2003).

In sum, it has become apparent that one of the key restrictions on developing countries’ capacity to increase the incomes of their inhabitants is the political control of immigration in developed countries; it is these controls which frustrate the potential for developing countries to exploit to the full their comparative advantage in low cost labour.

\(^1\)There have been a number of efforts to estimate the beneficial effects of the end, or of a reduction of immigration controls on developing countries or the world economy - see Hamilton and Whalley (1984); Walmsley and Winters (2002); Winters et al., (2003); Iregui (2002); Moses and Lethes (2002).
There is a school of thought which rejects the argument that worker remittance flows are an unmixed benefit. First, it is suggested that such sources of income are inherently unstable, and that long-term dependence upon them forces families to sacrifice local development (so that they could earn an adequate income while staying at home) to migration, to the export of labour resources. The point is strengthened by empirical studies which show that often the bulk of remittance revenue is spent on immediate household consumption, rather than devoted to saving and investment to expand the productive base of the local area. The argument reproduces one of the traditional arguments against internal migration. However, it is difficult to see why earning an income in a local factory is superior to earning one in a factory in another country, particularly because the real income involved may be much higher, so that it makes much more sense from the migrant’s point of view. On the other hand, any increase in the revenue to a poor area, expended on consumption goods, relaxes one of the most powerful constraints on the development of poor areas, the narrowness of the local market (because of low incomes). So expenditure does not have to be on investment goods to stimulate development - spending on foodstuffs, for example, has, other things being equal, the effect of raising the incentives of farmers to produce more; the same is true of other sectors. Of course, this is not so if increased foreign income is expended on imports and there are cases where this so, but in general, this seems not to be the case (and continuing import protectionism in developing countries reinforces this).

Governments in developing countries, after some reluctance, have become eager to harness this new source of revenues for development. The most striking case is not in Europe but in the area of much larger flows, between Mexico and the US. The four hundred or so home-town clubs of the Mexican diaspora in the United States have mobilised to finance development projects in their home localities - to pave a road, build a health clinic, primary school, etc. Mexican local, State and Federal governments have, in some States offered three dollars to match each dollar remitted by a worker abroad, and re-aligned domestic anti-poverty, health and educational programmes (Progresa, now Oportunidades) to reinforce the impact of remittance flows (Escobar et al.,

2 As also have financial institutions, development banks, aid donors, etc. - see DFID-World Bank (2003).
2003; O’Neil, 2003a). The Mexican government after long years of apparent humiliation at the scale of emigration of its citizens, has moved to track their destinations, keep in touch, supply Mexican identity cards (for irregular migrants), facilitate cash transfers and offer advice. Other countries have developed schemes to utilise the scarce skills of their most highly skilled citizens abroad to upgrade universities and the professions, and to start industries of innovative technology (Lowell, 2001a; Findlay, 2001).

Migration, however, can remove from the labour force of a developing country the most skilled, energetic and enterprising workers, making much more difficult the task of conquering poverty. It would be quite wrong for Europe to seek to secure the welfare of its inhabitants at the cost of developing countries. Are there ways in which migration could be turned into a positive reinforcement, rather than a reduction, of development efforts?

**Immigration in developed countries: the interests at stake**

There is clearly a conflict of interests here - between the developed countries need to recruit workers abroad to reinforce their existing workforce (albeit without necessarily encouraging settlement); the developing countries need to retain their skilled workforce (but without losing the enrichment of their skills through work abroad), and the interests of migrants themselves. At the risk of oversimplifying the complexities, on what basis might these interests be reconciled?

**The source country**

The interest of governments in sending countries is in retaining the skilled labour force while permitting skill-enrichment through experience and training abroad. The system which would best meet this requirement would be temporary circular migration, with the migrant ultimately returning to their original country with enhanced skills. The migrant, while abroad, retains their social embeddedness in their home country and is discouraged from permanent exile. Similarly, a source country government might encourage the emigration of the low skilled in order to maximise remittances. In the course of this, the low-skilled might enrich their capacities through training and work-experience, at

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1 Of course, this is most difficult where economic migration cannot be distinguished from the search for asylum - the regime ruling in the country from which the migrant comes is intolerable.
which stage, the source country might want to encourage the worker to return with those skills, with savings, knowledge of market, contacts, etc. Again, temporary circular migration might be the option most favoured here.

The migrant
As noted earlier, migration is one of the most important mechanisms for the redistribution of wealth from rich to poor areas. Most of this migration is internal. Take the example of China with something of the order of between 98 and 120 million migrants outside the province of their birth, remitting sums to families left behind now nearly equal to sixty per cent of rural household incomes (that is, a greater proportion than is earned in farming)¹. In terms of helping the poorest families to survive, it is an enormous injection of income. It is also a vivid illustration of migration as means to diversify the income of poor households (particularly in the agricultural off-season) and so allowing most households to meet the costs of continuing to live in the same place.

International migration is much more costly to undertake once, let alone to circulate many times. However, its great advantage is in the difference in purchasing power values between developed and developing countries, a low income in the first becomes a middle income if spent in the second - what we might call the "international migrants bonus". Not only does this make the incentive to work abroad initially much stronger than that suggested simply by wage differences compared at official exchange rates, it makes for a willingness to work at wages well below those expected in a developed country. That however is only true if migrants do not spend where they earn. If they are obliged to support themselves in the developed country, a low income will yield only the standard of living of the poor - the migrant's bonus is lost.

It is here that immigration controls exercise their most destructive effect by preventing circulation and forcing migrants to settle as the condition of continued access to work.

The US experience is a vivid illustration of this. Mexicans have traditionally circulated seasonally for work to the north. With the 1986 and 1992 immigration acts and steadily increased expenditure, successive Presidents have attempted to make the US-Mexico border impassable. There have been a num-

ber of negative effects (Cor nelius, 2001; Massey et al., 2002), but one of the most interesting has been the fact that Mexicans have been obliged to settle for much longer periods to recoup the increased costs and avoid the increased risks of border crossing. One study suggests that in the early eighties, Mexican irregular migrants stayed on average three years in the US; in the mid-1990s, nine years. With nine years, the migrant brings or acquires a spouse, puts children into school and so, in effect, becomes a settler, albeit generally a poor one. Thus, the perverse effect of tighter control is not at all that it ends irregular migration but rather forces circular migrants into settlement.

Wherever immigration controls are introduced, it ends circulation and forces migrants into "immigration", that is, settlement. It substitutes for temporary work abroad in order to continue living at home, permanent exile. In terms of the interest of worker-migrants, temporary circulation for work, we can infer, would perhaps be the best form of migration so that they are able to return with their earnings - and benefit from the bonus.

There are many suspicions in developed countries here, even though, without controls, it is commonly observed that migrants circulate. With the 1890s decline in trans-Atlantic transport costs, nearly half Italian migrants to the US up to 1914 returned to Europe; 30-40 per cent of Portuguese, Croatians, Serbs, Hungarians and Poles (Baines, 1991). In the European Union, it is noted that immigrants of particular countries (Greece, Spain, Portugal) started to return when those countries joined the Union (and so acquired the right to circulate). Furthermore, Constant and Zimmerman (2003) estimate that 60 per cent of existing guest-workers in Germany are repeat migrants (also Eichengreen, 1994, Dustman, 1996).

However, public debate in developed countries too frequently assumes all who enter wish sooner or later to settle, to join the national club. Of course, the sheer numbers entering show this not to be the case. Legal temporary

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"The German guestworker case is often cited to support the proposition that 'there is nothing so permanent as a temporary worker'. However this is a misjudgement since the introduction of immigration controls themselves powerfully affected behaviour: (i) employers pressed the government to keep workers because the suspension of the programme meant that there could now be no replacements; (ii) workers tried to stay because they recognised that, if they left, there would be no repeat opportunity to work in Germany; (iii) in any case, a significant proportion of guestworkers did leave Germany - see Werner (2002); Constant and Massey (2002). There are many other schemes of circular migration that have worked effectively - for example, the US-Mexico Braceros scheme, contract labour schemes in the Persian
work has the effect of opening a legitimate space between entering and working in a country and settling or joining the club. Such systems already exist and with proper management, succeed without great losses.

However, the existence of two classes of inhabitant - those who are members and those who are not - raises questions about the nature of the nation-State, democratic government and sovereignty which lead to legitimate apprehensions in the existing citizenry. These are, perhaps, of lesser significance in remedying the economic problem - labour to staff the developed country's economy and a means of pumping resources to developing countries.

The destination country
The developed countries of Europe seek to compensate for any demographic decline (and changing age-structure) in the labour force as well as recruiting scarce skills as the structure of the economy changes more swiftly than the training system - but to do so without offending the xenophobic sensibilities of the settled electorate, that is, without significant permanent settlement.

Temporary circular migration would meet the first requirement - workers migrating for one or two years to work, build their savings and return home. There would be many problems of short-term adjustment (particularly in language competence), in managing the social security system, etc., but none which render circulatory migration, in principle, impossible.

The second requirement is more difficult. The permanent recruitment and retention of highly skilled workers from developing countries is perhaps only sustainable if the developed countries pay - either to repay the costs of training existing skilled workers or of future skilled workers (something already undertaken by some aid programmes).

However, a compromise might benefit both countries - that is, if all migration became training and work experience, modelled on foreign student and work-experience programmes: that is to say, a partnership programme to enhance the human capital of developing countries for the attack on world poverty. Aid programmes might be usefully refocused in support of such a campaign.

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Gulf, etc. In the case of the Mexico-Canada agricultural labour programme, in the 28 years of its operation (with 12,500 workers involved in 2002), no Mexicans overstayed their visas, and 5 per cent returned to Mexico before their visas expired - O'Neill (2003b).
European aid to developing countries

Official aid programmes to developing countries play a great variety of roles, from supporting macro economic balance and reforms, financing responses to emergencies, to projects. Project aid has a mixed record of achievement and can, in certain circumstances, lead to the subordination of the perception of the developing country's requirements to the interests of the donor. This does not happen with remittances which carry no political strings. However, the lack of local development agents can jeopardise the outcome of aid projects. Donors employ governments in developing counties, consultants and, increasingly NGOs to play the role of local implementing agents. However, with circulatory migration and return, there could be an immense number of development agents in returnees. Aid programmes could then be employed to reinforce the efforts of returnees, the impact of remittance flows and, as now, the efforts of developing country governments and NGOs.

Enhancing human capital is widely seen as one of the most important issues in economic development and circulatory migration can contribute to this aim. On the one hand, temporary migration includes a large number of students who come to Europe to study. In many cases, they are also allowed to work. On the other, if we were to think of all circulatory migrants on the model of students (including in study, work experience, on the job training, and enhancement of professional skills), then migration could simultaneously meet Europe's requirements for workers and enhance the human capital of developing countries through returnees. In addition, treating all migrants on the same basis would militate against the current tendency to create a two class system in which the highly skilled are able to move fairly freely, work and settle, but the low skilled are expected to be tied to the soil of their native place. Aid programmes in conjunction with host country educational institutions, could be enlisted to organise the training, education and professional development programmes of migrants, track returnees, and offer follow up programmes in the student's country of origin, of aid and support for development projects.

4 There have been proposals in Europe to link aid to migration, but less to reinforce development than punish governments for not preventing emigration.

7 There have been many experiments here - see, for example, the Belgian Migration for Development programme, the French programme with Mali, etc.
The national 'management of migration' -as in Britain- exists, less for any defensible economic reasons, but above all to reassure the citizens in developed countries that their way of life will not be overwhelmed. Here, national politics and the fears of electorates confront the pressures generated in the domestic and world labour markets to integrate in a global economic order. We are well advanced in comparable processes in trade and capital, even though still very far from free trade. But it would seem most likely that a similar evolution will occur in migration to free and unrestricted migration - if efficiency and equity are to be secured. However, in present circumstances, this aim is so far from reality, it must seem utopian (as would have seemed in 1950 the degree of free trade achieved now)

The problems are at their most severe in the transition to the global integration of what were semi-closed self-sufficient national labour markets. However, if the transition is slow enough, there is time for electorates to become accustomed to unprecedented levels of mobility and the relocation of parts of the world economy - for example, from the Atlantic area to east, south and south-east Asia. National economies become less territorially bounded economic complexes, more logistical and management centres for unbounded global networks, including many activities which are beyond the authority or even knowledge of the governments concerned.

At the moment, it is the dynamic and changing labour demand in the developed countries -even when this coincides with high levels of unemployment - which induces regular and irregular immigration. The expansion of the Union has temporarily masked the effect of labour shortages. The west European states, particularly Britain, are now recruiting labour from the new accession States, and this can be perpetuated if Romania, Bulgaria and Turkey join the Union. But the new accession States also have a demographic problem, and if Europe as a whole begins to reach its aspired rates of growth, these reserves could rapidly be exhausted. The more rapidly the European economy expands, the less self-sufficient in labour supply and skill-mix it seems to become.

1 For the economic issues in the transition, see Harris (2003).
But in the process of transition to an integrated global economy, there are many intermediate stages. There are also many reforms -many of them already underway- which may reduce the pressures for migrant workers:

a) later retirement ages, tax and other efforts to reduce non-employment and the numbers on disability support;

b) more careful use of skills so that, for example, nurses take over some responsibilities of physicians; teachers are given assistants; skilled workers are able to cover more ranges of skilled work (as in construction, etc.);

c) redoubled efforts, including allowing pay to rise significantly, to ensure people are able to acquire skills in demand.

Outsourcing/offshoring is the other side of the coin to migration - in the one case, economic activity moves to the worker, in the other, the worker moves to the work. The full resources of outsourcing have barely been perceived as yet. Manufacturing -with the "unbundling" of the commodity- and the digitalisation/codification of many services, supported by new technology, have allowed the emergence of global supply networks and global patterns of collaborative specialisation.

But the potential for non-tradables to become tradable is just beginning -in off-shore universities, off-shore medical treatment, retail trade zones, etc. There is some possibility that partnerships may replace one-way flows of skilled workers - instead of Indian doctors or Filipina nurses moving to, say, Manchester hospitals in permanent exile, partnerships between hospitals in Britain, India and the Philippines for the mutual exchange of staff and patients can enrich all (as well as lower costs).

Furthermore, the development of offshore retirement centres can much reduce the demand for labour-intensive services in the developed countries.

Finally, for the migration which remains necessary, there are many mechanisms other than immigration, forced settlement and permanent exile. We have discussed circulatory migration as a mode of enriching human capital. But contract labour, operating within companies (as do the staff of multinational corporations at present), circulating between countries for the purposes of major works - construction, highway building and maintenance, hospital and
city cleaning services - is another option. The Doha GATS round of discussions might be an occasion to discuss such issues in connection with what is known as Mode 4, but at present this seems unlikely to produce dramatic results. However, we are only on the threshold of ageing and the contraction of the developed countries' labour force; the need of Western multinational service companies (banking, insurance, transport, IT) to operate in the larger developing countries, combined with the growing shortage of unskilled labour in the developed countries could well force concessions in a later trade round.

The danger is that the fears will so overwhelm us, some will try to reverse the process of integration, to draw back and restore the old national fortresses. War is the great force which drives the world back to the old world, the triumphs of which were two World Wars in the last century. After two hundred years or so of building nation-States and the appropriate national identities, at least some people might find the cumulative effect of these processes undermines psychic stability - and the economics of labour migration become disastrously mixed with the politics of personal identity.

The dangers in mismanaging the transition to global integration are thus considerable - but the rewards in terms of the reduction of world poverty even greater.
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