

Migration Policies: Recent Advances on Measurement, Determinants and Outcomes

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I. Introduction

Migratory pressures between poor/middle income countries and rich countries are significant and potentially growing. Some secular trends, which increase the gains of and the opportunities for migration have been slowly developing. First, economic disparities between countries are large and lasting. While some developing countries are growing fast and catching up with rich ones, several large Asian countries (notably China and India) are entering the stage of mid-income countries, which represents usually the group with largest emigration rates (Human Development Report, 2009). Second, a large demographic imbalance is developing between poor and rich countries. The former are still characterized by high fertility rates and a young population, while the latter (especially in Asia and Europe) are already experiencing zero or negative population growth. Third, the costs of transportation and diffusion of information are declining, making it easier for job and migration opportunities to be known across continents. Finally, in several developing countries political instability and social unrest are commonplace, often fuelled by the inability to provide enough economic opportunities for their growing working-age populations, or by ethnic divides that pressure whole groups into leaving. Opportunities in many rich countries, on the other hand, will continue to lure in immigrants. The stagnation and ageing of their populations is reducing their labor force. At the same time, and accompanied by improvements in education and income, there is also an increased demand for personal services (in the construction, food, personal-care and health-care sectors) that cannot be matched by local supply as several of these jobs are manual intensive and relatively low paying.

These trends generate both a demand for migrant workers in rich countries and a supply of these workers in their countries of origin, creating the potential for large gains for both origin countries, destination countries and, primarily, for the migrants themselves. However, vis-à-vis these incentives, actual international migration flows across countries are still the exception, rather than the rule. Only 3% of the world population and 10% of the population in OECD countries as of 2010 was foreign-born. Many economists emphasize that the severely restrictive immigration policies of receiving countries are the main reason for such low international mobility. The barriers to international migration that they introduce, preventing potentially productive employment relationships from taking place, and selecting specific types of migrants crucially shape migration flows and their effects. Several studies have attempted to quantify the unrealized economic gains

due to excessively restrictive immigration policies and most of them have concluded that these gains are potentially very large.¹ In practice, the immigration policies of the host countries are the result of a combination of economic and political forces, and evolve over time so that understanding the driving forces behind immigration restrictions should be a priority.

It is often the case that restrictive immigration policies reflect the interests of an important part of the electorate. Specifically, several authors have noted that a generous immigration policy may be incompatible with the welfare state or, at least, with some of its components (Freeman 1986, 2013). This is because citizens of a rich country would not accept to redistribute in favor of outsiders or to entitle outsiders to the benefits of the welfare state. However, the effects of immigration on the welfare state are likely to differ across institutions and they depend on the type of immigration. For instance, it is possible that immigration can be used to mitigate imbalances in pay-as-you-go pension systems (Storesletten 2000) if its age distribution is “younger” than that of natives. The same type of immigration, however, may place a burden on public schools as immigrants have a larger number of children (Tanaka et al. 2015).² Alternatively, preferences on immigration policies may differ because some groups benefit from the labor market contribution of immigrants (employers, complementary types of workers) and others may suffer from the increased competition (Hanson, Scheve and Slaughter, 2007).

Given the multi-dimensionality of the issue, a better understanding of the forces shaping immigration policies is crucial to reforming them successfully. As exemplified by the numerous failed attempts at immigration reform over the last decade in the United States, it is very hard to reach a compromise between the interests of different groups even when they all agree that the status quo is very inefficient. The present volume aims at shedding some light on these questions. The contributed papers can be grouped in three categories. The first set of papers focuses on the measurement, cross-country comparisons, and determinants of immigration policies. More specifically, Beine et al. present preliminary evidence of an ongoing ambitious project that attempts to classify, categorize and ultimately quantify immigration policies worldwide, possibly in a way that will allow comparison across countries and over time. Facchini et al., Hatton, and Fernandez-Huertas and Rapoport, on the other hand, present their respective analysis exploring how voters, lobbies, and strategic interactions among countries shape specific immigration policies.

The starting point for the second set of papers in this volume is the important realization that the reality of immigration is often a far cry from the goals intended by immigration policies. As a result there are numerous unintended consequences, such as the accumulation of an undocumented immigrant population that was attracted by an excess of labor demand but has been left outside the narrow scope of existing immigration laws.

¹ Clemens (2011) estimates that the potential gains from liberalizing international migration are very large. Klein and Ventura (2009) and Di Giovanni et al. (2015) also reached a similar conclusion.

² Ortega (2010) has argued that voters may want to use immigration policy strategically to sustain political support for income redistribution. An insight of this paper is that voters may trade-off an increase in competition in the labor market with larger support for their preferred public policies.

Undocumented immigrants are a varying population, in flux between returning to the home country, obtaining or losing legal status, creating a number of difficult policy challenges for the host country. Ultimately, the solution to the growing presence of undocumented immigrants has been the adoption of a legalization process – a topic explored by the article by Fasani in this volume - or the hope /pressure for these migrants to eventually return to their home country – a decision that is at the core of the analysis by Djajic and Vinogradova.

However, it is also possible that the discrepancy between the stated and realized goals of immigration policy is not entirely accidental, as suggested by Facchini and Testa's theory of lax enforcement. Sometimes political-economy forces are the reason for lax enforcement of the letter of the law, which may be written to appease anti-immigration sentiments. A last contribution in this section is Casarico et al. who provide an insightful overview of the literature covering all these issues.

Finally, the last article focuses on the question of the effects of immigration on the native population of the host country. This type of question has received more attention by immigration researchers in the literature, but it is still very relevant in this policy context as natives' interests determine immigration policies. The inclusion of the article by Cortes and Pan connects with that literature. This excellent study focuses on nurses, a particularly important occupation that has led many countries to create visa categories that are exclusive for this occupation.³ In several countries the foreign-born share among nurses is much larger than in the population at large, reflecting the growing imbalance in some of the health care service jobs, discussed at the beginning of this introduction. This reflects the growing healthcare needs of an ageing population that is not matched by the local supply of this type of workers, which often involves young workers, is intensive in manual tasks, has demanding hours, and is often not well paid.⁴ Specifically, in this chapter Cortes and Pan examine the effects of foreign nurse immigration on the choice by natives (in the United States) to become nurses.

In the sections that follow we summarize in greater detail the contributions of the papers included in this volume.

II. Recent Advances on the Measurement and Determinants of Migration Policies

³ Similar specialty visas have been introduced for immigrant workers providing household services, such as child rearing or elderly care. The findings in Cortes and Tessada (2011), Farre et al. (2011), and Cortes and Pan (2013) imply that these policies have significant effects on the labor supply of highly educated native women.

⁴ The works of Farre et al. (2011) and Barone and Mocetti (2011) study the increasing use of immigrant home help and the consequences for the labor supply of skilled native women in Spain and Italy, respectively, two countries with a rapidly ageing population.

II.1. Measurement of migration policies. The paper by Beine et al. presents a first set of exploratory results based on a new and ambitious data-collection project (IMPALA). The novelty of this project is that it considers, in much greater detail than ever done before, all different types of policies affecting the entry, the stay, the rights and the access to benefits of permanent and temporary immigrants in several countries. These data allow for a comprehensive comparative analysis of immigration policies, categorized by type of entry (family, work, study, asylum, other) across countries and over time. While the data are categorical, they can be used also to build indices and approach the issue in a more quantitative fashion. We expect that these data will open the door to a great deal of qualitative and quantitative research that will ultimately improve our understanding of the causes and effects of immigration policies.

II.2. Determinants of immigration policies: voters and lobbies. Ultimately, government policies are shaped by the preferences of voters and the lobbying efforts of firms and other organizations. Providing quantitative evidence of this connection is not an easy endeavor for a number of reasons. First, decision-making in real-life democracies is more complicated than in economic theories. Hence, how useful are our abstractions is an empirical question. Secondly, the data required to test the connection between the efforts of voters and firms and changes in immigration policy are rarely readily available. In this volume the paper by Facchini, Mayda and Mishra taps into new firm-level data and provides a descriptive analysis of lobbying expenditures in the United States. They benchmark their findings on lobbying for immigration policies with lobbying expenditures on trade issues, providing a very interesting comparison.

II.3. Determinants of immigration policies: strategic interactions among countries. Besides the domestic determinants of migration policies, it is important to note that countries typically do not choose their policies in isolation. Rather their choices are influenced by the policy choices of their neighbors and, as a result, there may be strategic interactions that need to be taken into consideration. One area in which international coordination has always been crucial to immigration policies is the treatment of asylum seekers and refugees. Two contributions to this volume address the free-riding problems associated to asylum policy, because the international community as a whole would want to accommodate asylum seekers but each country prefers not to be the one hosting refugees. Hatton compares theoretically the merits of different degrees of policy coordination. He concludes that moving toward a unified European policy is the best option, superior to intensifying the harmonization of member state policies, as has been the case until now. In addition he also argues that deeper asylum policy integration in the European Union appears politically feasible. Interestingly, the paper by Rapoport and Fernandez-Huertas proposes an alternative institutional arrangement to mitigate the inefficiencies associated to free-riding. These authors make the case for establishing a market solution to this issue. They suggest allocating refugee quotas to countries and let them freely trade, and combine this mechanism with one that matches the preferences of migrants and host countries.

III. Unintended consequences or conscious decisions: Enforcement, Undocumented Migration and what to do about it.

In most countries there is a large gap between immigration laws, usually very restrictive especially for employment immigrants, and the actual implementation of those policies often characterized by poor or lax enforcement of those policies, even in countries where usually enforcement of laws is quite strict (e.g. the US). As a result, an unintended consequence of excessively restrictive or poorly enforced immigration policies may be the creation and growth of a group of undocumented migrants. The presence of a large undocumented population can give rise to a plethora of serious problems: exploitation by employers, human rights abuses, incarceration and deportations, the rise of a smuggling and trafficking industry, and possibly national safety concerns. In their chapter, Casarico, Facchini and Frattini review the literature on policies that affect the size of the undocumented population, such as border and workplace enforcement, as well as policies to reduce it, such as amnesties and deportations.

III.1. Enforcement. In most political economy models it is assumed that the immigration policies chosen by voters are perfectly enforced. Consequently, the issue of lax enforcement has received scarcely any attention in the literature. To try to amend this, the paper by Facchini and Testa analyzes theoretically the enforcement decisions of an elected government in an environment where politicians seek re-election and the public has imperfect information on the politicians' goals. When a government prefers more immigrants than the majority of voters, their model explains why officials set a tight immigration target, appealing to the median voter, but then actively choose a lax enforcement of immigration policy, implemented through border enforcement.

III.2. Amnesties. One very important aspect of being undocumented are the consequences that this status entails for immigrants. The paper by Fasani, who has extensively studied this topic, provides an excellent review of empirical work on the consequences of lacking legal status in terms of labor market outcomes, criminal activity, remittances, and consumption. He also provides new evidence on some of these questions and highlights the important role of some aspects of the legalization program, namely, the presence or not of a current employment requirement.

III.3. The Decision to Return. An additional important factor that affects the size of the undocumented population is the decision on whether to voluntarily return to the home country. Obviously, this decision will be influenced by the degree of enforcement and by the expectation of an amnesty at the horizon. Nevertheless there are other factors that influence this decision, such as whether the migrant has been able to accumulate the desired amount of savings. In practice, it is often the case that migrants, regardless of their legal status, choose to return to their countries of origin.⁵ Naturally, this expectation may have important consequences for many dynamic decisions. In their paper in this volume, Djajic and Vinogradova present a dynamic consumption-savings model applied

⁵ In fact, as documented recently by a number of authors (Dustmann and Gorlach 2015), most migration episodes are temporary.

to migrants on a temporary visa. Their analysis sheds light on the optimal decision to return to the home country at the end of their legal stay or to overstay their visa.

IV. Specialty Visas and their Effects on Natives: the Case of Nurses

The migration policies that a country puts in place influence the size and composition of the foreign-born population in the country. In turn, their presence may have important effects on the labor markets, welfare and economic outcomes of natives. Understandably, a great deal of research in economics has been devoted to the analysis of the economic effects of immigration, yielding many new insights and posing new questions on how workers and firms adjust to immigration.

While this is not the main focus of the current volume, we have included a paper by Cortes and Pan who analyze these questions from the point of view of a specific occupation: nurses. The chapter by Cortes and Pan focuses on the effects of the arrival of foreign nurses on the occupational choices of native workers in the United States. They provide evidence of a push of natives toward other occupations, such as school-teachers, and an increase in the quality of those natives that choose nursing in the new environment.

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