MIGRATION AND THE GLOBAL ECONOMY: SOME STYLIZED FACTS*

ABSTRACT

This article looks at the links between international migration and globalization, providing an analysis of historical and current trends in migration. It contains data on past and present migration flows, with a focus on the countries of the OECD and on the gender dimension of the so-called "brain drain."

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The views expressed are those of the author and cannot be held to represent those of the OECD or of the governments of its member countries.

At a time when the subject of "globalization" is on everyone's lips, it is timely to reflect on the contribution of international migration to the ongoing wave of globalization. Just how significant an engine of globalization is international migration? What have been some of the main trends in international migration over the past half-century and how do they compare with the first great wave of international migration from the 1820s to the beginning of World War I?

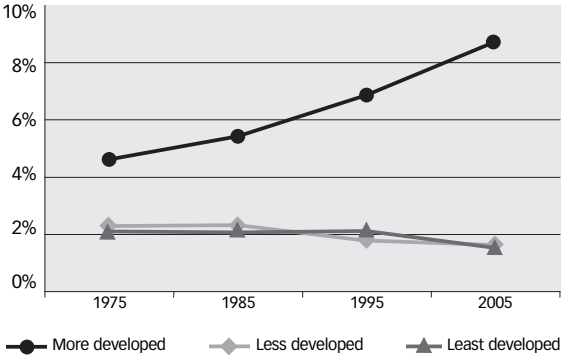
This article seeks to provide answers to these questions drawing on data from the Organisation for Economic Co-operation and Development (OECD) and other sources. The first part of the article presents data on the current scale of migration and compares it with other major drivers of globalization, while the second part delves into the great wave of migration of the 19th and early 20th century, when it played a key role in the first globalization episode. The third part provides an update on the second, on-going globalization surge. Data on the composition of current migration flows to OECD countries are presented in the last part of the article, with a special focus on a neglected element – the gender dimension of the so-called "brain drain."

The current scale of international migration

One obvious starting point for assessing the significance of migration as a driver of the current wave of globalization is to ask how many of the current world population of 6.7 billion people are international migrants, defined as persons living outside their country of birth[1]. The latest United Nations estimates put this at close to 185 million in 2005, or 2.9% of the global population. This can be compared to an equivalent share of 2.2% in 1970. At first sight, these seem rather "small" numbers, suggesting that international migration is only a bit player in the globalization saga compared to the much larger roles played by growing world trade in goods and services and international capital flows. For example, the unweighted average of the trade-to-GDP ratios for all OECD countries in 2005 was 45%, while the equivalent ratios for inward and outward foreign direct investment (FDI) stocks to GDP were around 20% or more in 2004.[2] But when comparing the immigrant population *stock* data with data on trade and GDP (which measure imports, exports, annual output and FDI *flows*), there is the issue of comparing apples and oranges. If we were to put the immigrant data on a similar footing, say by relating inflows of working-age immigrants to new additions to the working-age population, the resulting measure would average 30% to 40% for the OECD area, very close to the trade-to-GDP ratio.

It is also important to disaggregate the global migration stock in order to better understand the international migration process. One obvious disaggregation is by level of economic development. Figure 1 shows the stocks of migrants as a percentage of the host country's population for: a) the most developed countries (essentially the OECD countries); b) the less developed countries; and c) the least developed countries. It reveals that *all* of the growth over the past three decades in the migration propensity among the world's population has been concentrated on the OECD countries: the share of immigrants in the OECD population almost doubled from just over 4.5% in 1975 to 8.3% in 2005. At the same time, the share of immigrants in the populations of both the less developed and least developed countries is much lower, and even dropped slightly during the past decade to under 2%. In 2005, approximately 60% of the world's stock of migrants lived in Europe and North America, followed by 26% in Asia, leaving only 15% in the other major regions of Africa, Oceania and Latin America. It is also noteworthy that 45% of immigrants living in OECD countries in 2008 came from other OECD countries (see OECD 2008).

Figure 1
Immigrants' share of host population by level of development, 1975-2005



Source: Lowell (2007).

In sum, while migrants account for only a tiny fraction of the global population, when the contribution of immigrants to globalization is measured in an equivalent way to that of trade in goods or FDI flows, it appears to be an important driver. At the same time, there has been a significant increase in the attractiveness of the OECD countries as a destination for immigrants over the past half-century, including from other OECD countries.

Mass migration during the first wave of globalization

It is very helpful to remind ourselves that there is nothing unique about the current increase in international migration. The 19th and early 20th centuries witnessed the first great wave of globalization, partly fostered by mass migration in a world of unrestricted migratory movements and rapidly declining costs of transportation between Europe and the New World.

Table 1, drawn from the seminal book by Hatton and Williamson (2005), illustrates this nicely. It shows a dominant trend of emigration from Europe to the New World in the period from 1820 to just before World War I. Immigration into the main European countries was a minor phenomenon during that period.

However, the pattern of migratory movements and the preferred destinations of migrants shifted significantly during the half-century after World War II. While some of the main settlement countries (Canada, United States, Australia) continued to attract large inflows of immigrants, Europe became a major destination for migrants, many of whom from Africa, Latin America and Asia. As a result, while the largest immigrant-to-population stocks in the New World countries were recorded in the late 19th and early 20th centuries, the highest stocks in Europe are those currently recorded. That being the case, it is useful to examine the trends in OECD migration over the past half-century or so in more detail.

A half-century of international migration to the OECD countries

Given the growing significance of international migration for the OECD countries, it is important to disaggregate the trend over the past half-century and see how it has been affected by specific factors such as the end of the colonial era, the oil shocks of the 1970s, the collapse of the Iron Curtain, and so on. Figure 2 does this using an OECD data set on *net* international migration rates from the mid-1950s onwards.

In Figure 2, OECD countries have been divided into two groups, "traditional immigration countries" on the one hand, and countries that were largely "emigration countries" or that saw limited movements of any kind in the first half of the period considered here. The latter include the countries of southern and central Europe, Ireland, Japan and the nordic countries (except for Sweden). Not included among these are Korea, Mexico and Turkey, all of which would qualify as former or current emigration countries but for which long time-series data on net migration do not exist.

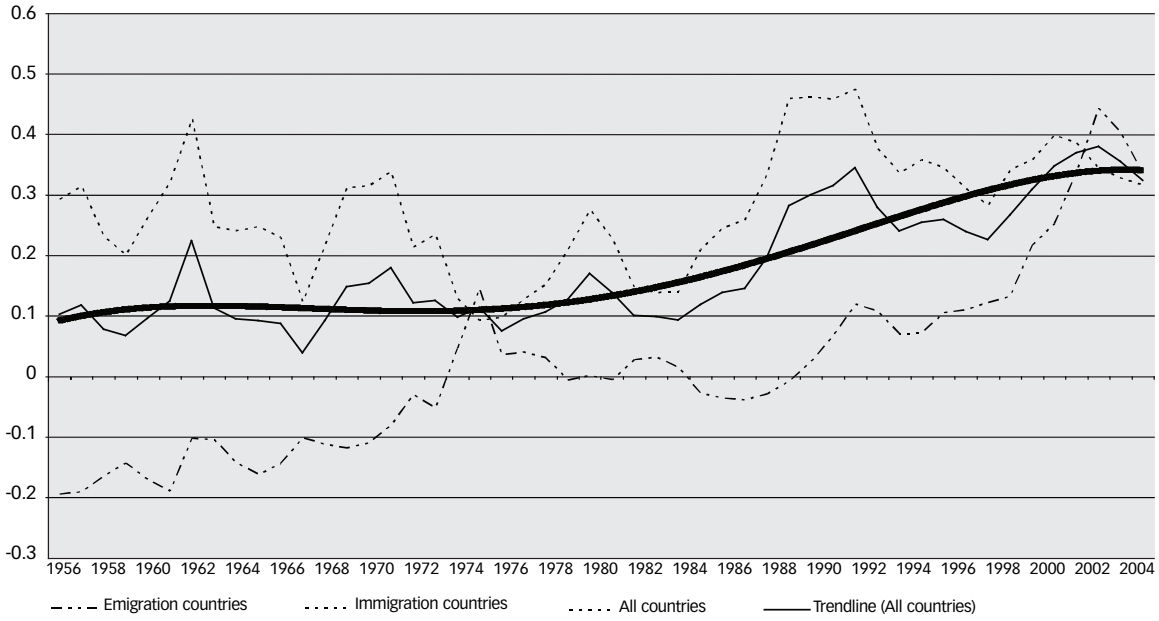
Table 1
Percentages of foreign-born in European and New World populations, 1870-1910 and 2000

	1870-1871	1890-1891	1910-1911	2000-2001
Europe				
Germany	0.5	0.9	1.9	8.9
France	2.0	3.0	3.0	10.0
United Kingdom	0.5	0.7	0.9	4.3
Denmark	3.0	3.3	3.1	5.8
Norway	1.6	2.4	2.3	6.3
Sweden	0.3	0.5	0.9	11.3
New World				
Australia	46.5	31.8	17.1	23.6
New Zealand	63.5	41.5	30.3	19.5
Canada	16.5	13.3	22.0	17.4
United States	14.4	14.7	14.7	11.1
Argentina	12.1	25.5	29.9	5.0
Brazil	3.9	2.5	7.3[a]	

Source: Hatton and Williamson (2005), Table 2.2.

[a] 1990

Figure 2
Net migration rates, traditional immigration and emigration OECD countries, 1956-2005[a]



Source: OECD (2007a) and Labour Force Statistics.

[a] This group includes the countries of Southern and Central Europe, Ireland, Japan and the Nordic countries except for Sweden. Not included are Korea, Mexico and Turkey because net migration data for these countries are sparse or non-existent. All other OECD countries are classified as immigration countries.

By definition, net migration within each country group is in principle zero, essentially because in-migration from any country in the group to any other country of the same group is cancelled out by the corresponding out-migration observed in the origin country. Thus, the net migration rates shown for each group represent the net effect of movements between the group and the rest of the world.

The trend net migration rate for OECD countries with respect to non-OECD countries was approximately 1 person per 1,000 population from 1956 until the early 1970s when the first oil shock arrived. This was the period of the so-called "guest-workers," but the OECD net migration rate was relatively stable over this time, although with a number of peaks and troughs due to particular well-defined historical events or developments.

Since the first oil crisis, however, the net migration rate within the OECD has been increasing, with international migration contributing more and more to population growth, compared to natural increase (the excess of births over deaths) with each passing year. The increases in international migration during the 1990s, therefore, would appear to be part of an underlying trend that dates back to the late 1970s and early 1980s.

Over the period considered, net migration from outside the OECD to OECD countries averaged 790,000 persons per year from 1956 to 1976, 1.24 million per year from 1977 to 1990 and 2.73 million per year thereafter up to 2005.

The net migration movements shown in Figure 2 are also characterized by a number of peaks and troughs, which generally correspond to well-defined historical events or developments. The 1962 peak in the immigration countries series corresponds to the end of the Algerian War and the massive return of French citizens from Algeria; the 1969-1971 hump to the height of the "guest workers" era; the late 1970s and early 1980s increase to the migration of the boat-people; the late 1980s and early 1990s upswell to the appearance for the first time in United States statistics of large unauthorized movements from Mexico as well as the general increase in movements following the fall of the Iron Curtain.

Emigration countries show a more or less steady increase over the period in the net migration rate that was perturbed in the mid-1970s, mainly by the returns to Portugal from its former colonies in Africa. It is striking that the trend increase in net immigration to the emigration countries over the 1956-2003 period has accelerated since the turn of the century, to the point where the net migration rate of former emigration countries now equals that of traditional immigration countries.

Families and educated women on the move

Currently, *family migration* is the dominant motive among inflows of permanent immigrants to OECD countries, accounting on average for around 60% of inflows. Labour migration has been on the rise in recent years but still only represents about one in three permanent immigrants. Humanitarian migration, which has been declining in recent years, accounts for the rest.

Two other trends in migration have attracted much attention recently: the growing feminization of migration flows and the increased selectivity of migration towards the highly skilled.

Firstly, for the world as a whole, the share of women among immigrants has risen slowly from 47% in the early 1960s to almost 50% in 2005. Overall, the gender mix was not significantly unbalanced even in the 1960s, but it now almost exactly mirrors that of the native-born population.

Secondly, a more surprising result, given that women still face an unequal access to tertiary education in many less developed countries, that the brain drain is stronger for highly educated women. This latter finding gives a new twist to long-standing concerns about the brain drain given the key role played by women in human capital development. Estimates in a recent paper which I have co-authored with two OECD colleagues, Jean-Christophe Dumont and Gilles Spielvogel, show a negative impact of emigration of highly skilled women on three key education and health indicators in developing countries: infant mortality, under-five mortality and secondary school enrolment rates (for more details, see Dumont, Martin and Spielvogel 2007).

These results raise concerns about the potential impact of the female brain drain on the poorest countries. This is heightened by the fact that highly skilled immigrant women are increasingly targeted in labour migration, especially in the health, domestic and caring sectors. Development and aid policies need to offer women better opportunities to use their human capital in their home countries, if they are to contribute to the social and economic development of the latter.

Conclusion

OECD countries have seen a large increase in immigration from the rest of the world over the past two decades, a trend that seems unlikely to stop. While it may be imprudent to speculate about the future, it is very likely that population ageing in the OECD area will increase the pressure to allow in more immigrants in order to help alleviate growing labour shortages in the coming decades and to ease funding pressures on OECD social protection systems.

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Notes

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[1] The preferred definition of a migrant used here is based on the concept of foreign-born as opposed to foreign nationality. While the former concept is less than ideal, particularly for countries with large repatriate populations, it is much more suitable for the purposes of international comparisons of migration than the latter. See OECD (2005) for a thorough discussion of the pros and cons of these definitions.

[2] See OECD (2007b) for data and further details on the definitions and sources.

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