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# Frontier issues in migration research

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With the inescapable progress of globalization, labor markets are bound to become more integrated. The impending demographic disruptions will set in with full force in many countries within the coming years. Climate change, natural disasters and the rise of the BIC countries (Brazil, India, China) will pose additional labor market challenges. Ethnic diversity will continue to gain importance – as both an opportunity and a threat. All of these will eventually require a global reallocation of resources, which will force international and domestic labor markets to undergo major adjustment processes. The strong demand for skilled workers along with the fight against extreme economic inequality, the creation of ‘good’ jobs, and the increased employment of specific groups such as the young, older, female, low-skilled and ethnic minority workers will need scientific monitoring and evaluation, in order to initiate necessary adjustment processes and labor market programs in time.

Therefore, migration economics is a fast-growing and exciting research area with very significant and rising policy relevance. While its scope is extending persistently, there is no adequate authoritative treatment of its various branches in one volume. The new *International Handbook on the Economics of Migration (IHEM)* goes beyond providing basic information on migration. It offers the latest experiences on migration research and tackles frontier issues in the field. It provides comprehensive guidance to economics scholars, inquiring researchers, students of migration and policy advisers. This handbook is a carefully commissioned and refereed compilation of 28 state-of-the-art chapters of research in the economics of migration written by 44 leading experts in the field together with this introduction. Well-written and simply explained, each chapter comprises a critical assessment of the status quo and provides challenges to the traditional economics of migration by dealing also with taboo topics.

The *IHEM* systematically and tactically covers all relevant frontier issues on migration. It deals with innovations in the modeling of migration, with the determinants of migration such as natural disasters, refugee and asylum seeking, and the welfare magnet, including child labor migration, human smuggling, the international move of health professionals and labor mobility in the enlarged European Union. Other chapters study the consequences of migration for happiness, obesity, religiosity, crime, citizenship ascension, ethnic hiring, employment in risky occupations, occupational sorting and migrant educational mismatch. The *IHEM* also covers the economic reflections and empirical findings on ethnicity and integration, such as immigrant entrepreneurship, inter-ethnic marriages and immigrants’ time use. Lastly, the *IHEM* tackles specific issues of policy relevance such as the impact of migration on the family left behind, immigrant selection by visa category, circular migration, diaspora policies, evaluation techniques for migration policies and the political economy of migration.

The *IHEM* is structured in five parts: ‘Part I: Introduction’, ‘Part II: The move’, ‘Part III: Performance and the labor market’, ‘Part IV: New lines of research’ and, finally,

'Part V: Policy issues'. Following this introduction, some core knowledge of migration research is presented in the chapter by Amelie F. Constant and Klaus F. Zimmermann on 'Migration and ethnicity: an introduction'. This chapter deals with the economic and ethnic diversity caused by international labor migration, and their economic integration possibilities. It brings together three strands of literature dealing with the neoclassical economic assimilation, ethnic identities and attitudes towards immigrants and the natives, and provides analysis to understand their interactions. The issue of how immigrants fare in the host country, especially in terms of their labor force participation and remuneration, has been the core of research in the labor migration literature. If immigrants fare as well as the natives, then they are economically assimilated. While some immigrant groups do, most do not, especially in Europe. Of equal importance is how immigrants identify with the culture of their home and host countries, and if natives and immigrants have the right attitudes about each other. Ethnic identities and attitudes seem to be less affected by the economic environment but have implications for economic performance.

'Part II: The move' deals with the migration decision and migratory flows. The first chapter by John Kennan and James R. Walker on 'Modeling individual migration decisions' sets the stage for modeling the migration decision. It summarizes recent research that formulates life-cycle models of migration which are estimated using longitudinal data. These models consider multiple destinations and multiple periods. The framework offers a unified view applicable to internal and international migration flows. However, data limitations severely hinder studies of international migration. As is common in modeling life-cycle decision-making, strong assumptions are imposed. Yet, most critical assumptions are empirically testable. The primary advantage is that these models offer an interpretable economic framework for evaluating policy alternatives and other counterfactual thought-experiments that offer insight on behavioral determinants and tools for improved policy-making. The second chapter by Amelie F. Constant, Olga Nottmeyer and Klaus F. Zimmermann deals with 'The economics of circular migration', an issue that has generated keen interest by researchers and policy-makers alike. For too long, migratory movements have been considered to be mostly permanent, an evaluation that has never been right and is increasingly accepted as an incorrect description of labor migration. Temporary, return, repeat or circular migration have become the keywords of the new migration research. This type of migration presents more challenges for modeling and predicting migration patterns, as well as for migration policies. The chapter presents a review of the empirical evidence, outlines implications for policy and summarizes the policies to manage circular migration.

Given the rising scarcity of skilled workers, skilled migration receives much more attention. The chapter by Michel Grignon, Yaw Owusu and Arthur Sweetman on 'The international migration of health professionals' is, therefore, particularly timely. Health workforce shortages in developed countries are perceived to be central drivers of the health professionals' international migration, one ramification being negative impacts on developing nations' health-care delivery. After a descriptive international overview, the authors discuss selected economic issues for both developed and developing countries. Health labor markets' unique characteristics imply great complexity in developed economies involving government intervention, licensure, regulation and (quasi-)union activity. These features affect migrants' decisions and their economic integration, and

impact on the receiving nations' health workforce and society. Developing countries sometimes educate citizens in expectation of emigration, while others pursue international treaties in attempts to manage migrant flows.

The next two chapters consider the dark side of migratory moves and deal with child labor migration and human smuggling. The chapter by Eric V. Edmonds and Maheshwor Shrestha investigates the situation of 'Independent child labor migrants'. Children living and working away from home are the most vulnerable in our societies. Parents, family, friends and home communities offer protection that can reduce a child's susceptibility to abuse and exploitation, as well as alleviate the consequences of bad or poorly informed decisions. This chapter reviews the nascent literature on the prevalence, causes and consequences of independent child labor migration. Measurement challenges have constrained progress in understanding this phenomenon. There is considerable scope for future research to transform how we think about issues related to the millions of children living and working away from their parents. Guido Friebel and Sergei Guriev undertake the complex and thorny case of migration, that of 'Human smuggling'. Despite its importance and prevalence in global illegal migration, there is little – and mostly theoretical – research on human smuggling. The authors suggest an analytical framework to understand the micro structure of the human smuggling market. Migrants interact with smuggling and financing intermediaries, who may or may not be integrated with each other, and with the migrants' employers. Migration policies in the receiving countries such as border controls, employer sanctions, deportation policies and sales of visas strongly affect the interactions in the smuggling market and, hence, migration flows and the surfacing of illegal immigrants. The chapter reviews the theoretical work, points to the scarce empirical evidence, and identifies challenges for future theoretical, empirical work and policy advice.

'Part III: Performance and the labor market' contains seven chapters covering migrant and minority performance and the labor market consequences of mobility. In the first chapter, Martin Kahanec presents a landmark labor migration in the European history. 'Labor mobility in an enlarged European Union' is about the 2004 and 2007 enlargements of the European Union (EU) that extended the freedom of movement to workers from the 12 new member states mainly from central eastern Europe. This chapter summarizes and comparatively evaluates what we know about mobility in an enlarged Europe to date. The pre-enlargement fears of free labor mobility proved to be unjustified. No significant detrimental effects on the receiving countries' labor markets have been documented, nor has there been any welfare shopping. Rather, there appear to be positive effects on the EU's productivity. While the sending countries face some risks of losing their young and skilled labor force, they have also been relieved of some redundant or idle labor and associated fiscal burdens, as well as having profited from remittances sent back by migrants. Of key importance for the sending countries is to reap the benefits from brain gain and brain circulation in the enlarged EU. For the migrants the benefits in terms of better career prospects have, with little doubt, exceeded any pecuniary and non-pecuniary costs of migration. Consequently, the freedom of labor movement in the EU provided for a triple-win situation for the receiving and sending countries as well as for migrants themselves.

Self-employment is viewed as a key strategy to survive economically and even

flourish for migrants and minorities. Robert W. Fairlie's chapter deals with 'Minority and immigrant entrepreneurs: access to financial capital'. Reviewing existing research, the author indicates that inadequate access to financial capital, partly owing to wealth inequality, restricts the creation and growth of minority-owned businesses. Access to financial capital is thus essential for entrepreneurial success. There is less evidence on access to financial capital among immigrant-owned businesses. New estimates from the US Census Bureau indicate that immigrant-owned businesses start with higher levels of capital than non-immigrant owned businesses. The most common source of start-up capital for immigrant firms is from personal or family savings, which is similar for non-immigrant firms. Immigrants have relatively low rates of home ownership, however, which may partly limit business formation. The next chapter, by Matloob Piracha and Florin Vadean, investigates 'Migrant educational mismatch and the labor market'. This chapter reviews the literature on the educational mismatch of immigrants in the host country labor market. It draws on the theoretical arguments postulated in the labor economics literature and discusses their extension in the analysis of the causes and effects of immigrants' educational mismatch in the destination country. The authors also present relevant empirical approaches, which show that immigrants are in general more over-educated than natives and the reasons for these findings range from imperfect transferability of human capital to discrimination to perhaps lack of innate ability. Lastly, they assess the state of current literature and propose an agenda for further research.

The chapter on 'Ethnic hiring' by David Neumark deals with discrimination, spatial mismatch and networks which may pose barriers to employment. Widespread evidence of ethnic discrimination from audit or correspondence studies may be questionable because these studies may not identify discrimination. Application of a new method that identifies discrimination is needed to reassess this evidence. Recent evidence discounts spatial mismatch as an important contributor to the low employment of minorities in the USA; living in an area with many jobs does not help minorities if these jobs are held by other groups. Ethnically stratified networks may explain this evidence, although ethnic networks may also help minorities connect to labor markets. Pia M. Orrenius and Madeline Zavodny follow with their study 'Immigrants in risky occupations'. The chapter reviews the economics literature on immigrant-native differentials in occupational risk. It begins by briefly explaining the theory of compensating wage differentials, and then provides a more detailed discussion of the empirical evidence on the subject, which reaches several conclusions. First, immigrants are overrepresented in occupations and industries with higher injury and fatality rates. Second, immigrants have higher work-related injury and fatality rates in some advanced economies, but not in all. Finally, most, but not all, immigrants appear to earn risk premiums similar to natives for working in risky jobs. The chapter closes with a discussion of areas where additional research is needed. 'Occupational sorting of ethnic groups' is the next chapter, by Krishna Patel, Yevgeniya Savchenko and Francis Vella. The chapter discusses research on immigrant occupational sorting in the destination country, and how immigrant occupational outcomes depend on both the demand for skill and the supply of immigrant skill. On the demand side, immigration policies in the destination countries affect the degree to which immigrants are suitably matched in their occupation. On the supply side, immigrant occupational sorting depends on factors such as experience in the

home country and the skill transferability in the country of relocation. Social networks also play an important role in the job search and matching process for immigrants, and influence their occupational placement.

The final chapter in Part III is on 'Immigrants, wages and obesity: the weight of the evidence' written by Susan L. Averett, Laura M. Argys and Jennifer L. Kohn. In this novel study the authors integrate disparate literatures on the effect of immigration on obesity and the effect of obesity on labor market outcomes. Their review finds support for the 'healthy immigrant' hypothesis: immigrants are less likely to be obese, but obesity increases with duration in their new home. There is conflicting evidence on the causal effect of obesity on labor market outcomes for immigrants and non-immigrants alike. Only two existing studies examine the dual effects of immigration and obesity. Researchers need more complete data to address endogeneity concerns and assess the causal effects of immigration and obesity on labor market outcomes.

Part IV of the handbook deals with 'New lines of research'. The first chapter by Amelie F. Constant and Klaus F. Zimmermann deals with 'Immigrants, ethnic identities and the nation-state'. Concepts of individual and group identities have become increasingly relevant in economics following the pace of other disciplines. Migrants, minorities and natives have their own identity which differs from their national identities. The chapter outlines the non-economic roots of ethnic and national identities, and discusses the relationship with religious and social identities. The authors introduce a model of identity formation and review the empirical findings concerning ethnic identity formation. They then present and discuss the available data and the results of the relevant literature for several countries. The second chapter by Delia Furtado and Stephen J. Trejo reviews 'Interethnic marriages and their economic effects'. Immigrants who marry outside of their ethnicity tend to have better economic outcomes than those who marry within their ethnicity. It is difficult, however, to interpret this relationship because individuals with stronger preferences for ethnic endogamy are likely to differ in unobserved ways from those with weaker preferences. To clarify some of the complex issues surrounding inter-ethnic marriages and assimilation, this chapter starts by considering the determinants of intermarriage. It proceeds with an examination of the economic consequences of intermarriage, and ends with a discussion of the links between intermarriage, ethnic identification and measurement of long-term socio-economic integration.

Francisca M. Antman undertakes the study of the often forgotten family of the migrant in the home country. 'The impact of migration on family left behind' addresses the effects of migration on families left behind and offers new evidence on the impact of migration on elderly parents. After discussing the identification issues involved in the estimation, the chapter reviews the literature on the effects of migration on the education and health of non-migrant children as well as the labor supply of non-migrant spouses. Finally, it discusses the impact of adult child migration on contributions toward non-migrant parents as well as on the effects on parental health. Results show that elderly parents receive lower time contributions from all of their children when one child migrates. In their chapter, 'Natural disasters and migration', Ariel R. Belasen and Solomon W. Polachek make a case about the intrinsic link between man and the environment. Since the dawn of civilization man has battled with environmental disasters, from massive hurricanes and tsunamis to slow, yet persistent, soil erosion and climate change. When the environment wins, thousands are displaced and forced to emigrate from their

homes. The chapter presents a three-pronged approach examining the impact of environmental disasters on migration: first, a literature survey; second, a meta-analysis based on this literature, and third, it puts forward new techniques isolating the marginal impact of disasters on migration. The chapter finds stronger impacts in developing countries, particularly contingent upon whether the affected populace is in an urban or rural setting.

The chapter by Teresa García-Muñoz and Shoshana Neuman investigates ‘Immigration–religiosity intersections at the two sides of the Atlantic: Europe and the United States’. In this avant-garde chapter, they explore the intertwined relationship between immigration and religiosity in Europe and the USA. Starting with (1) the current religious landscape and projections for the future, they continue with (2) the religiosity of immigrants compared to natives, and they move on with (3) the religiosity of immigrants and their integration; the relevant question being, is religiosity a ‘bridge’ or a ‘buffer’? The authors lastly compare the two continents of Europe and the USA. The main conclusions are that: immigrants are indeed more religious than the local populations, leading to major changes in the future religious landscapes; and while in the USA the religiosity of immigrants serves as a ‘bridge’, in Europe it has mainly the function of a ‘buffer’. Brian Bell and Stephen Machin provide in the chapter on ‘Immigration and crime’ a highly politicized link. The authors examine first the economic literature on the links between immigration and crime. In spite of popular concern, there is only a sparse literature on the topic. After discussing some simple predictions from an economics of crime model, they review the extant empirical evidence. While causal effects are difficult to identify, the evidence points to the importance of focusing on the labor market attachment and earnings opportunities of different immigrant groups. Those groups that are disadvantaged across this dimension tend to be associated with rises in property crime. There appears to be no significant links between immigrants and violent crime.

David C. Ribar authors another frontier chapter about ‘Immigrants’ time use: a survey of methods and evidence’. This chapter discusses research questions related to immigrants’ time use, reviews conceptual and methodological approaches to examining time allocations, and reviews evidence from previous studies. Using time-diary data from the American Time Use Survey, the chapter also provides new descriptive evidence. While results vary with the country of origin, immigrant men in the USA tend to devote more time to market work and sleeping; they allocate less time to housework, community activities and leisure than native men. Immigrant women tend to devote more time to housework, care-giving and sleep, but less time to market work, community activities and leisure than native women. The last of the cutting-edge chapters in this part is ‘Happiness and migration’ by Nicole B. Simpson. This chapter explores the various channels in which happiness and migration are related. Happiness may be important in the decision to migrate, but migration may also affect happiness, and specifically the happiness of the migrants, the natives in the destination and non-migrants back home. Existing literature indicates that migration increases the happiness of the migrants but migrants are generally less happy than natives in the destination. There is considerable heterogeneity documented in the happiness of migrants across origin and destination countries and in migration duration. Despite a recent surge in work on the topic, several unexplored areas of research remain.

‘Part V: Policy issues’ of the handbook starts with the chapter on ‘Frontier issues of

the political economy of migration' written by Gil S. Epstein. Migration has a strong economic impact on the sending and host countries. Since individuals and groups do not benefit equally from migration, interest groups emerge to protect and take care of their narrow self-interests and compete for rents generated by migration. Narrow self-interests may be present not only for interest groups but also for ruling politicians and civil servants. This chapter considers how political culture is important for determining policy and how interest groups affect, via a lobbying process, the choice of public policy. The chapter lastly analyzes how interest groups and lobbying activities affect assimilation and attitudes towards migrants and international trade. The narrow interests of the different groups may cause a decrease in social welfare, in some cases, and may enhance welfare in other situations.

Immigrant selection, political migration and citizenship ascension are the topics of the next three chapters dealing with significant policy issues. Attracting skilled immigrants is emerging as an important policy goal for immigrant receiving countries. In his chapter 'Skill-based immigrant selection and labor market outcomes by visa category' Abdurrahman Aydemir first discusses the economic rationale for immigrant selection. The author reviews selection mechanisms of the receiving countries in the context of deteriorating labor market outcomes for immigrants across destination countries which fuels the debate on selection. Next, he discusses the variation in immigrant characteristics across countries and visa types. Lastly, he reviews the evidence on labor market outcomes of immigrants by visa category that portrays the experiences of countries with different selection mechanisms. He concludes by underlining the challenges for realizing aimed benefits of a skill-based immigrant selection policy. Timothy J. Hatton deals with another hot migration topic, 'Refugee and asylum migration'. He provides an overview of asylum migration from poor strife-prone countries to the Organisation for Economic Co-operation and Development (OECD) since the 1950s and examines the political and economic factors in source countries that generate refugees and asylum seekers. Particular attention is given to the rising trend of asylum applications up to the 1990s, and the policy backlash that followed. The chapter then considers the political economy of restrictive asylum policies, especially in EU countries, as well as the effectiveness of those policies in deterring asylum seekers. It concludes with an outline of the assimilation of refugees in host country labor markets. 'The economics of immigrant citizenship ascension' by Don J. DeVoretz observes that naturalized immigrants often receive an earnings premium after obtaining citizenship. It is argued that the size of this 'citizenship premium' varies across immigrant receiving countries and the immigrants themselves; in conjunction with the cost of obtaining citizenship this premium determines the differential rates of citizenship ascension. The size of the premium obtained by 'Old World and New World' naturalized immigrants is a consequence of positive discrimination in the labor market for naturalized immigrants and a by-product of their human capital accumulation prior to citizenship ascension. The largest economic premium from naturalization accrues under a 'triple selection' regime where economic immigrants self-select on an economic basis to migrate to a country with stringent economic entry and citizenship acquisition criteria.

The chapter on 'Welfare migration' by Corrado Giulietti and Jackline Wahba reviews and discusses major theories and empirical studies about the welfare magnet hypothesis, that is, whether immigrants are more likely to move to countries with

generous welfare systems. Although economic theory predicts that welfare generosity affects the number, composition and location of immigrants, the empirical evidence is rather mixed. The chapter offers explanations for the existence of such mixed evidence and highlights that the literature so far has overlooked the presence of different migration regimes, as well as the possibility of reverse causality between welfare spending and immigration. Sonia Plaza further studies 'Diaspora resources and policies' suggesting that migration presents significant untapped potential for development. Globalization makes it possible for immigrants to remain connected with their native countries while residing abroad, thus diminishing their loss of identity and separation from their countries of origin. The contribution of the diaspora goes beyond remittances and includes promotion of trade, investments, knowledge and technology transfers. Diasporas facilitate bilateral trade and investment flows between their country of residence and their home country. Diaspora members can also act as catalysts for the development of capital markets in their countries of origin by diversifying the investor base, by introducing new financial products and by providing reliable sources of funding, such as diaspora bonds. Diasporas may also provide origin-country firms access to technology and skills. In recent years there has been a shift in the analysis of high-skilled migration. Instead of viewing the emigration of skilled people as a loss, many economists view it as an opportunity to increase trade, investment and technology flows. This chapter covers a diverse range of diaspora issues and provides a number of analytical and empirical results that are relevant for policy-makers in both developed and developing countries.

Ulf Rinne provides a chapter on the under researched area 'The evaluation of immigration policies' summarizing the literature on the evaluation of immigration policies. The chapter brings together two strands of the literature dealing with the evaluation of labor market programs and with the economic integration of immigrants. Next to immigrant selection and settlement policies, there are four types of interventions that aim at improving the economic and social outcomes of immigrants: (1) introduction programs, (2) language training, (3) labor market programs, and (4) anti-discrimination policies. The chapter discusses problems associated with the evaluation of such programs, presents methodological approaches to circumvent these problems, and surveys empirical results and findings. It concludes with lessons from previous research and identifies avenues for future research.

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