

## INTERNATIONAL MIGRATION – ECONOMIC IMPACT

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**Abstract.** *International migration represents probably one of the most complex aspects of globalization and has seen various moments when migrating flows were created. International migration represents a process currently being into full expansion, process which has seen many approaches. The main question which reality imposes over migration is whether it can bring more benefits or if it is a burden on both sending and the receiving countries. The following article aims to answer affirmatively or negatively to each of the two scenarios and, also, to see the implications of this process for both the receiving countries and the sending ones. The research design and methodology starts from understanding the core of how migration works and its main features, so that readers may have an idea of how to understand the statistics which will be presented. The key findings of this paper should be the ones regarding profiling the current migrants and presenting the main benefits and risks for both countries of origin and destination. Many times migration is usually perceived as a process that leads to drops of wages, therefore it might create discomfort among native people already working in certain areas. Of course global competition means cutting costs, and that might mean cheaper workforce. But there is a much larger understanding behind this dynamic process. Migration policies play a huge role into the acceptance and integration of migrants. Finally, it is important to understand that migration, both voluntary and forced, is one of the key elements behind the economic globalization, and therefore should be analyzed not just in terms of numbers, but in terms of a deeper understanding so that researchers may finally give answers to its necessity in certain areas, and the proper tools to either eradicate, sustain or even encourage it.*

**Keywords:** *international migration; macroeconomic perspective; migration policy; global competition; immigrants influence.*

### Introduction

International migration can be defined as a dynamic process at the world economy, with profound consequences over the sending or receiving countries. The core of analyzing international migration usually refers either to the factors that determine this process (1) or the continuity of this process (2), its intensifying and expansion.

There are 4 major theories regarding international migration, each based on several areas of research: economics theories, sociological theories, geographical theories, unifying (interdisciplinary) theories. The present article refers mainly to the economics theories regarding international migration, and their conclusions will be applied to the

current statistics and effects of this process, especially in the EU, but also it will take a look at the main pros and cons regarding immigrants.

### **Understanding migration**

Migration is widely referred to as “the permanent or temporary change of residence” (Lee, 1966, p.46), or as a “movement of a person or group of persons from a certain geographical unit to another, surpassing administrative and political borders, with the desire of settling down on a permanent or temporary basis, in a different place than the one they came from” (Bauer et al., 2004, p.6). It is obvious that there are clear distinctions between internal and international migration.

Noja (2013) argues that there are some main characteristics that need to be addressed when spoken of migration:

- creating profiles of the ones who choose to migrate;
- identifying what are the main motivations that stand behind their decision;
- identifying the statute of migrants and the legislative environment in both sending and receiving countries;

Borjas (1989) argues that the economic approach of international migration refers to aspects that create a certain path of labor migration such as:

- identifying factors that determine the size and structure of the migratory flows;
- identifying ways in which immigrants adapt in a certain country;
- assessing the impact of migration on economies of both sending and receiving countries.

In regarding the basic analysis of this process, from the economic perspective there are three different ways to approach the subject in matter:

- microeconomic (or individual) perspectives describe the degree of autonomy (liberty) of a potential migrant, which is relevant in so far as the migrant has the capacity of deciding to remain in the receiving country or to return to the origin one
- macroeconomic perspectives describe the economic structures, political, social, demographic and cultural ones that can influence this process;
- other types of perspectives (theories) include analyzing social and symbolic ties between migrants, given by different family ties, ethnicity, religion etc.

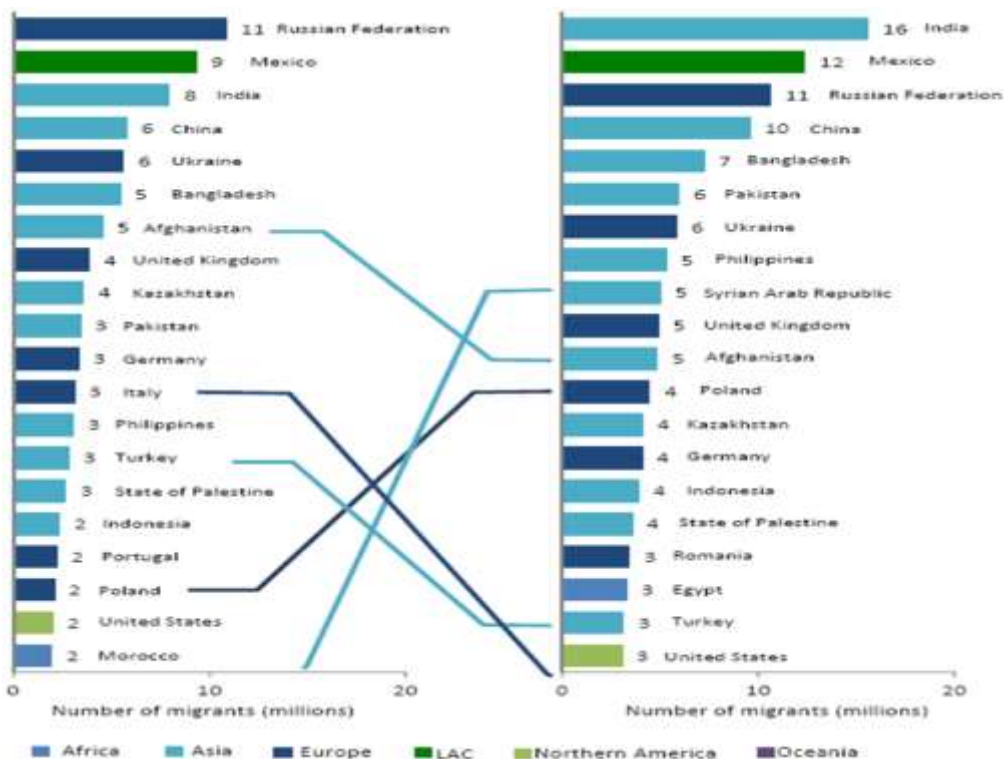
The main 4 categories of migrants are labor migrants, migrants of family reasons, foreign students and refugees (or asylum seekers).

### **Migration in numbers**

Between 2000 and 2015 the number of international migrants has grown significantly from 173 million in 2000 up to 244 million in 2015, with Europe and Asia having each approximately 75-76 million of them. The third continent in numbers is Northern America with 54 million migrants, but with the country that has the larger number of migrants, the US having 47 million. The countries that follow the US are Germany and the Russian Federation, having each 12 million migrants, although it is easily to argue that today Germany is clearly second place in this top not only because of the large number of refugees, creating a truly migrant flow in the recent years, but also due to the

state in which the Russian economy currently is, because of the economic sanctions. The fourth country receiving migrants is Saudi Arabia (10 million). (UNHCR 2015 Report)

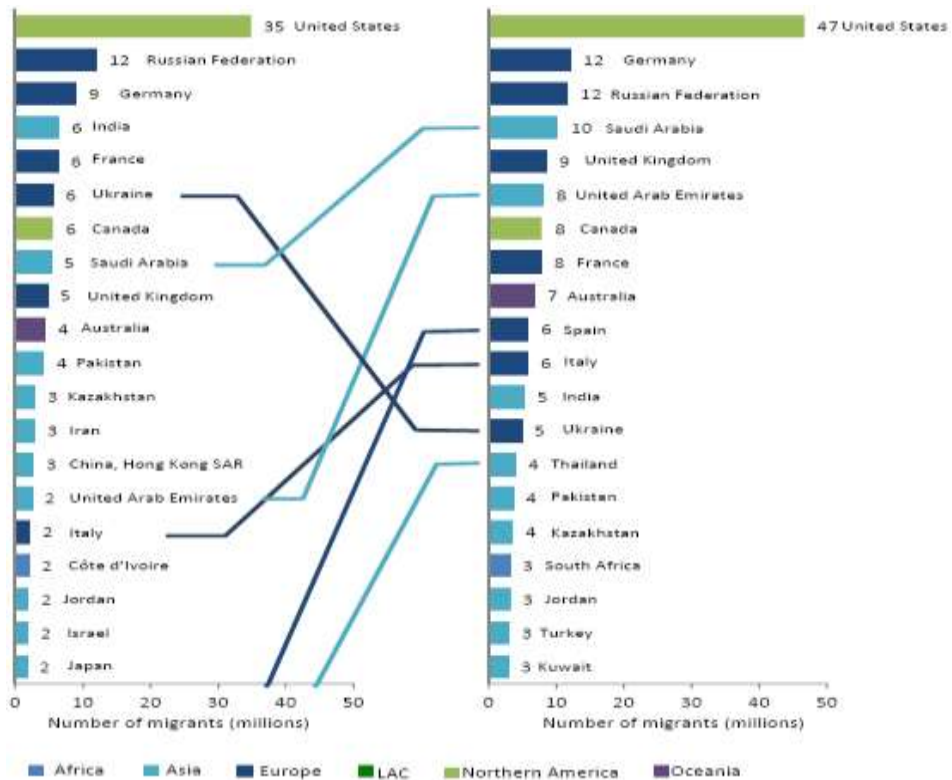
Another significant fact is that most immigrants worldwide originate from middle-income countries (157 million in 2015), with this category being the fastest growing one, choosing obviously to live in high-income countries. In Europe, because of the positive net migration between 2000 and 2015 the population of the whole continent stayed in balance, and in Northern America 42 % of the population growth in this period is due to positive net migration.



**Figure 1. Twenty countries or areas of origin with the largest diaspora populations, 2000 and 2015**

*Source: United Nations Report 2015*

Last but not least, the ratification of the legal instruments regarding international migration provided by the United Nations remains uneven. By the end of 2015, only 26 Member States had ratified all five of the United Nations legal instruments. (UNHCR 2015 Report)



**Figure 2. Twenty countries or areas hosting the largest numbers of international migrants**  
 Source: United Nations Report, 2015

**Profiling the contemporary immigrant. Global competition for qualified staff**

There are various factors that contribute to the decision making process of a migrant. Many times migrants have a distorted image of the possibilities of finding a job in the receiving countries. In most of the times the misinterpret the possibilities of even finding a job at their destination point, and usually end up with a job that is less suitable for them, and underpaid, making their life even more difficult. Postelnicu (2013) argues that adding up travel expenses and notable distances it is easily understood that there are going to be huge differences between different types of immigrants.

This is one of the reasons why in Europe after the last significant wave of labor migrants (2008), it is easily understood that Europe has on one hand a wave of cheap unqualified labor force given by Eastern European countries, and on the other hand, it is the main source into producing qualified labor force because of the high number of foreign immigrant students studying in universities in countries such as the UK, Switzerland, Austria, Germany, France and Belgium. Countries like Russia, Ukraine, Poland and Romania are the main providers for Europe in both categories above mentioned, but Asian students significantly help raise these numbers as well. The total number of European migrants within the European space is over 40 million. Adding up the 8 million African migrants and the 20 million Asian migrants, it is easy to understand why migrants play an important role into the European economy.

Although the average age for migrants worldwide is 38, Europe has the youngest migrant population, the average age being 33-34.

The global competition for qualified staff has been translated into the “*brain drain- brain gain*” theories that can be found in several studies (Bhagwati & Hamada, 1974; Galor & Stark, 1990; Stark, 2003; Docquier et al., 2011) which basically state that immigration of high qualified labor force has negative effects over the sending countries, especially because this countries already lacking of proper high qualified labor force will have a reduced economic growth which will also scare/push away foreign investors. Also the loss of the high qualified labor force means that this people will not contribute at the tax burden in their mother country, but rather in their receiving countries, therefore the only contributors left are the ones that have less to contribute with, and so the economy is again suffering.

The only way to manage changing the negative aspects of losing high qualified labor force is with the intervention of the political factors which need to develop sustainable personnel training programs, thus helping and motivating this qualifying labor into investing time to educate future labor force and creating conditions so that the next generations will work in their home countries.

### **Benefits for the countries of origin**

For the country of origin labor immigration has two major implications:

1. immigration modifies the size and structure (education, abilities) of labor force;
2. immigrants influence the consumption and the investments by remittance into their origin states contributing to the growth of economy and the reduce of poverty.

Therefore, many governments actively promote foreign employment for their citizens as one of their main strategies to increase economic growth, in some cases salaries being 10 to 20 times the value of local wages. Thus these earnings are far more important to developing countries than to the ones of destination, that are usually the developed ones. The total amount of money sent to the countries of origin was over 232 billion \$ in 2005, with most of them going not only to Eastern European countries, but also countries such as China, Philippines, and Mexico.

It is also a fact that temporary migrants send more money home, than the ones who are permanent migrants, and already have developed their own life there. As a consequence, the total amount can be influenced by level of connections between family members, religion, communities and traditions etc.

“International migration has a major impact on the sending countries economy, and especially on its national labor force, helping lower unemployment. This is a key factor in the growing of the economy.” (Cojocaru, 2010, p.14)

International migration might even contribute to political changes into these countries. It is the case of many Turkish, Portuguese, or Greek immigrants which used to work into Northern Europe in the `60`s and 70`s and returned to their countries of origin as the countries where changing their political environment.

### **Risks for the countries of origin**

One of the main risks for the countries of origin is the fact that there might be created a social inequity between the population that benefits from foreign help, and the one that doesn't.

Also, another major risk is that it creates a bond between passive and active population, discouraging the passive ones into taking action in finding a job in the internal economy. Also, it might discourage the governments into taking proper course of action regarding restructuring the national economy. "The remittance of money does not usually find its self into being used for productive investments, but rather for basic consumption". (Cojocaru, 2010, p.345)

### **Benefits for countries of destination**

Many countries have labor markets which are highly dependent on foreign workers, because they often fill jobs that the native-born labor force is unwilling to take. Also the most developed 20 countries which are the destination for over 2/3 of the total amount of immigrants rely on them of being a cheap and docile workforce. Therefore, immigrants are accepted to work in different developed countries so that they can "help them maintain their economic growth, help them through their economic expansion and by stopping the counterproductive job fluctuations." (Cojocaru, 2013, p.347)

Developed countries rely on immigrants to help them increase their revenues and internal production, but also benefit from all the positive aspects of the *brain drain-brain gain* process established above, thus relying on high qualified immigrant workforce which helps them achieve their goals.

### **Risks for the countries of destination**

One of the main risks for the countries of destination is creating social problems, this being for example one of the main reasons of BREXIT. Although immigration did not create any extra unemployment, it was not the way British citizens perceived immigrants, in some cases British employers stating that they consider immigrants as being better prepared than their own citizens.

Not only UK struggled with social problems regarding immigrants. Other countries, such as France or Germany experience the same problems regarding: lack of shelter for immigrants, many of them living on the streets, lack of schools for immigrant children, lack of personnel in schools, rise of criminal rate, traffic accidents etc.

On a long term these problems will create imbalances due to the stability factor. Migrants will want to settle down with their families in the receiving countries, therefore one of the key positive attributes of immigrants, their mobility as workers, will disappear.

### **International migration governance**

In governing the process of international migration, certain factors have emerged during time and offer now their assistance and guidance in this process: a) International

Organization for Migration (IOM); b) The International Labor Organization (ILO); c) United Nations High Commissioner for Refugees (UNHCR); d) The Human Rights Council (HRC).

Their role is to elaborate the regulatory framework that affects international migrants, and contribute to its applying in an efficient manner so that it can:

- establish competencies and obligations to receiving countries of migrants;
- identify in which particular areas certain states should convene to cooperate regarding international migrants;
- establishing rights and responsibilities for migrants.

Iancu (2013) argues that the future of these policies regarding migrants, can lead to an argued reasoning such as:

- economic growth fuels migration;
- international immigration is a consequence of the process of social, political and economic integration;
- qualified labor will not always relocate to the developed country;
- conditions on the labor market are not necessarily decisive in generating migration;

## Conclusions

While some might argue that international migration does not determine the reduction of inequities, which would lead to balance, but rather intensifies them, sustaining underdevelopment, with the loss of the human capital, and, in essence, international migration of labor is the result of a complex set of individual actions and social structural changes, and its analysis involves taking into consideration certain interests of different actors which have a specific role in different environment, but mainly the actions of migrants which are “oriented into gaining as much resources as possible” (Goss& Lindquist, 1995; Son et al.,2009), the present article has to offer a rather more positive perception over international migration.

The economic justification for accepting migrating labor force in Europe is based on 3 arguments:

- 1) European governments tend to have a unified reaction into recognizing the importance of recognizing skills in generating productivity and economic growth. Human capital is thus a huge and vital factor into innovating and growth of productivity, and therefore creating new jobs. For example, “every high qualified immigrant who works in IT in Germany is capable of creating 2,5 new jobs” (Iancu, 2013, p.155)
- 2) although unemployment rate in Europe is at a high level, “European workers are still selective when it comes to choosing a job and are far more qualified than they were 2-3 decades ago” (Iancu, 2013, p.144)
- 3) the aging of European population implies a high level of inactive dependent population, and this burdens social security and welfare systems of European countries, which will make them even more expensive. Therefore, this will generate other models of consumption, especially when it comes to medical assistance, or outdoor activities, which will produce jobs and will need proper labor force provided by immigrants.

Besides the necessity of migrants in certain areas of the European economy, there has to be a careful and unified monitoring of the almost 1 million refugees who have entered the EU in the past 3 years. Proper action into integrating them into the European labor force without interfering into the European immigration process which produces

benefits for the eastern European countries which rely on their workers to provide them with money remittance is also imperative and needs to be a zero priority for the EU states.

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