Policy Research Report Launch
Moving For Prosperity | Global Migration and Labor Markets
WHY IS MIGRATION SO IMPORTANT?
Why migration?

German National Team 2014
Why migration?

Washington Capitals 2018
Why migration?

Birmingham Children Hospital, Cardiac Surgery Group
ENGLAND

Ohio State University
Electrical Engineering Faculty

Oscar Nominees 2018
Why migration?

Sheikh Zayed Road, DUBAI

1980 vs 2018
Why migration?

Women Icons Award Ceremony
SINGAPORE

Filipino Maids
SINGAPORE

Filipino Students
MANILA
YET ... PUBLIC OPINION SAYS ...
### Why migration?

**Most important issues facing the United States and EU: Immigration**

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**Source:**
- European Union: YouGov opinion polls, April 18-30 2018
- United States: Gallup, Feb 1-10, 2018
Most important issues facing the United States and EU:

... the economy in general

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United States: Gallup, Feb 1-10, 2018
WHY ARE THERE SO MANY MIGRANTS?
Trillion dollar gain:
Wage increase upon immigration to the United States
Wage Density of Rural Emigrants in India

Hourly wage in rupees, 1999–2000; log scale

- Counterfactual wage density of interstate migrants from rural to urban
- Counterfactual wage density of interstate migrants from rural to rural
- Actual wage density of non-migrants at rural origin
Wage differences drive migration across the world
Demography is Destiny
Global Labor Force is shifting towards Low-Income Countries

![Graph showing labor force size from 1980 to 2060 for High-income, World, and Low-income countries. The graph indicates a shift towards Low-income countries over time.]
Demography is Destiny
Both High- and Low-income Economies are Ageing Rapidly
Of course, there are many other factors shaping migration ...
ARE THERE REALLY THAT MANY MIGRANTS?
Global Migrant Stocks since 1960...
... have not changed much since 1960 as share of world population.
Globalization over time – different metrics since 1960

- International Migrant Stock
- Foreign Direct Investment, 5-year MA (2010 USD)
- Air Passengers
- World Trade (2010 USD)
WHAT IS DIFFERENT ABOUT MIGRATION?

CONCENTRATION!!!
Immigrant-to-population ratio in 2015
Immigration has remained concentrated while emigration is becoming more dispersed.
Top 300 (out of 40,000+ possible) corridors account for 75% of world migration
Most migrants travel to neighboring countries. Only the high-skilled travel farther.
High-Skilled immigration is more concentrated than low-skilled immigration or emigration
Concentration continues within countries

Distribution of High-Skilled Migrants in the US
WHAT DOES CONCENTRATION IMPLY?
Migrants are concentrated at the very high and low ends of the skill distribution in most countries.
Immigration has a positive impact on overall wages but lowers the wages of those with substitutable skills.

The impact of immigration across education groups:

- High School Dropouts
- High School Graduates
- Some College Graduates
- College Graduates
- Post-College Graduates
- All Education Groups

Simulated wage impact (%)

Native Workers
Foreign Workers
Migrants are concentrated at the low and high ends of the wage distribution in Europe.
Immigration has a positive impact on overall wages but lowers the wages of those with similar skills.
Overall wage effects are positive, but small across most OECD countries
The main impact of immigration is on relocation of native workers, not wages!

*Wage and employment impact of Czech Commuters in Germany*
Natives who are close substitutes to migrants feel the largest impact
Who benefits from immigration?
WHAT MATTERS ARE THE LONG-TERM IMPACTS

EDUCATION
INTEGRATION
GENDER
Migrants are more educated than the native-born in both destination ...
... and origin countries
Immigrants increase incentives to stay in school among natives

Malaysia - School attendance among natives increased with immigration of foreign workers

- Share of ages 15–19 in school (left axis)
- Share of migrants in the labor force (right axis)
Economic Integration determines the overall gains

*Immigrant wage gaps since arrival by cohort in the United States*
Migrants move to better jobs – in terms of wages and status

*Initial Occupational Placement and Improvement in the United States*
In response, native workers move to more skilled occupations.

**The impact of refugees on Danish low-skilled workers**

- **a. Cohort, occupational complexity**
- **b. Cohort, manual intensity**
Possibility of emigration influences women more

Share of women among university students

Share of singles among college educated migrant women to the US (age 25-35)

2010

1990
Long-term Impacts of Migration – Low-skilled immigrants decrease childcare costs
... which increases the labor supply of high-skilled native women.
Back to Filipino maids

Women Icons Award Ceremony
SINGAPORE

Filipino Students
MANILA

Filipino Maids
SINGAPORE
WHAT ABOUT POLICIES?

Data, data, data...

and then more data
Migration patterns are very complex; each migration experience is unique...

Paths of Syrian Refugees

Nondisplaced: 10.10 m
Internally displaced: 6.56 m
Syrian Arab Republic population: 21.78 m
Displaced: 11.68 m
Refugee/asylum seeker: 5.12 m
Neighboring country: 4.55 m
Turkey: 2.50 m
Lebanon: 1.06 m
Jordan: 0.63 m
Iraq: 0.24 m
Egypt, Arab Rep.: 0.12 m

Non-neighboring country: 0.57 m
Germany: 0.20 m
Sweden: 0.10 m
Austria: 0.03 m
Netherlands: 0.03 m
Hungary: 0.02 m
United States: 0.01 m
Other: 0.18 m

Refugees in neighboring countries typically granted only temporary protections with limited access to labor markets.

Refugees to Europe typically begin as asylum seekers and must apply for recognition after arriving.

Refugees to United States are almost entirely resettled.
WHAT ABOUT POLICIES?

Listen to the markets

e.g. temporary jobs – temporary programs

e.g. permanent jobs – pathway to residency

education strategy and global labor markets
Undocumented Migrants Replace Temporary Migrants

*Mexican migration to the United States, 1955-95*
Undocumented migrants hit a ceiling in terms of wages

Age-earnings profiles of immigrants and natives by legal status
WHAT ABOUT POLICIES?

Listen to the markets

Move to price mechanisms (fees/levies/tariffs)

and away from quotas
WHAT ABOUT POLICIES?

Adjustment/relocation assistance for natives

... 

... and use the revenues to finance them
CONCLUSION
Thank you!

cozden@worldbank.org