



**GLOBAL COMMISSION ON
INTERNATIONAL MIGRATION (GCIM)**

COMMISSION MONDIALE SUR LES MIGRATIONS INTERNATIONALES (CMMI)
COMISIÓN MUNDIAL SOBRE LAS MIGRACIONES INTERNACIONALES (CMMI)
www.gcim.org

GLOBAL MIGRATION PERSPECTIVES

No. 30

April 2005

**International migration, remittances and development:
myths and fact**

Hein de Haas

Centre for International Development Issues
Radboud University
Nijmegen
The Netherlands

h.dehaas@maw.ru.nl

Global Commission on International Migration
1, Rue Richard Wagner
CH:1202 Geneva
Switzerland

Phone: +41:22:748:48:50
E:mail: info@gcim.org
Web: <http://www.gcim.org>

Global Commission on International Migration

In his report on the 'Strengthening of the United Nations - an agenda for further change', UN Secretary-General Kofi Annan identified migration as a priority issue for the international community.

Wishing to provide the framework for the formulation of a coherent, comprehensive and global response to migration issues, and acting on the encouragement of the UN Secretary-General, Sweden and Switzerland, together with the governments of Brazil, Morocco, and the Philippines, decided to establish a Global Commission on International Migration (GCIM). Many additional countries subsequently supported this initiative and an open-ended Core Group of Governments established itself to support and follow the work of the Commission.

The Global Commission on International Migration was launched by the United Nations Secretary-General and a number of governments on December 9, 2003 in Geneva. It is comprised of 19 Commissioners.

The mandate of the Commission is to place the issue of international migration on the global policy agenda, to analyze gaps in current approaches to migration, to examine the inter-linkages between migration and other global issues, and to present appropriate recommendations to the Secretary-General and other stakeholders.

The research paper series 'Global Migration Perspectives' is published by the GCIM Secretariat, and is intended to contribute to the current discourse on issues related to international migration. The opinions expressed in these papers are strictly those of the authors and do not represent the views of the Commission or its Secretariat. The series is edited by Dr Jeff Crisp and Dr Khalid Koser and managed by Rebekah Thomas.

Potential contributors to this series of research papers are invited to contact the GCIM Secretariat. Guidelines for authors can be found on the GCIM website.

Introduction

The debate on international South-North labour migration tends to be one-sided because of its one-sided focus on the interests of and consequences of migration on “receiving” societies.¹ This is striking, since migrants contribute significantly to the social and economic development of their home countries. It is also unfortunate, as the neglect of the “other side” of migration hampers a proper understanding of the developmental causes and consequences of migration. In the receiving societies, migration and development policies generally constitute separate policy domains. This has hampered the elaboration of effective policies that establish a more positive connection between migration and development. As a result, migration policies pursued by most Western states often tend to decrease the potential contribution of migration to enhancing welfare and wellbeing in both the sending and the receiving societies.

Firstly, it would appear fundamental to regard the relationship between migration and development as a reciprocal relationship. After all, migration is both a constituent part of development processes and an independent factor affecting development in migrant sending and receiving societies. It also seems important to establish an explicit link between the traditionally separated domains of development and immigration policies pursued by migrant receiving countries, as the latter significantly affect the mobility and economic behaviour of migrants.

Partly because of the one-sided focus on the ‘receiving’ side of migration, a number of established “migration myths” have evolved in public perception and in policy circles. These ideas have often acquired the status of “truth”, and have not been sufficiently subject to systematic scrutiny and empirical testing. In this paper, the reciprocal migration-development relationship is examined through the discussion of seven migration myths that are prevalent in public discourses. Through this analysis, we will try to show how a more balanced and nuanced view of migration and development can contribute to more informed and, therefore, more effective policies to maximise the developmental benefits of migration.

Migration myths

The first migration myth is that we live in an age of unprecedented migration. Although it is commonplace to think that “globalisation” has led to unprecedented and skyrocketing migration, there is reason for scepticism. The idea that the late twentieth century is “the age of migration” (cf. Castles and Miller, 1993), seems to be incorrect at least from a global point of view.

Although the share of international migrants in the world population underwent a certain increase in the 1990s, there were periods of equal if not more drastic international migration over the nineteenth and twentieth centuries (Zlotnik, 1998:14; Nyberg-Sørensen et al., 2002:6-7). One century ago the percentage of international

¹ This article is a revised and extended version of a Dutch-language article “Migratie en ontwikkeling: mythen, nuances en nieuwe inzichten” which appeared in the *Internationale Spectator* (2004, 58(5), 252-57), a journal published by Koninklijke Uitgeverij Van Gorcum bv on behalf of Clingendael, Netherlands Institute of International Relations.

migrants in the total world population was at almost similar levels (2.5-3 %) to those of today. Thus, the magnitude of international migration remains relatively limited, and there seems no justification for employing “aquatic” metaphors such as massive “waves” to describe contemporary international migration patterns. Similarly, contrary to rather alarmist public perceptions, there is no indication that we are witnessing a migration control crisis (Brochmann and Hammar, 1999).

Although there is no more international migration on a global scale, the direction of dominant migration movements has radically changed. Following post-WWII decolonisation and rapid economic growth in Western societies, there has been a reversal of global migration movements, in which South-North migration has strongly increased. This confronted many Western societies with the unprecedented settlement of non-western, culturally and physically distinct, immigrants. This increasing visibility of global migration for the resident populations of Western societies might partly explain the popular perception that current migration is at unprecedented levels and the concomitant “flooding” images associated with migration.

Apocalyptic scenarios of a massive influx of immigrants seem also theoretically ungrounded, since they arise from an inaccurate analysis of the causes of migration. This relates to a second popular migration myth, that is, that poverty and misery are the root causes of labour migration. Although migration evidently emanates from the desire to improve one’s livelihood, it is rarely the poorest who migrate (cf. Skeldon, 1997)². Migration involves considerable costs and risks, and also requires, besides knowledge and social networks, the necessary aspirations. This explains the paradox that socio-economic development in the form of rising incomes, educational levels, and access to information tends to be initially associated with increasing migration.

Rather than absolute poverty, a certain level of socio-economic development, combined with relative deprivation in the form of global inequality in development opportunities, seems to be the most important cause of migration. To a large extent, this can also explain why leading emigration countries (e.g., Mexico, Morocco, Turkey, Philippines) typically do not belong to the group of least developed countries.

Development seems inevitably accompanied by increasing mobility and migration. Only in the longer run, after several decades of sustained growth and progressive convergence of income gaps with destination countries, does emigration tend to decrease and immigration to increase. Therefore, in more advanced stages of social and economic development, countries tend to transform from net labour exporters to net labour importers. This is what has happened in the past few decades with southern European countries such as Spain, Italy, Greece, and, recently, Portugal and Ireland, as well as several southeast Asian countries such as Malaysia, Taiwan, and South Korea. Countries such as Turkey, Tunisia, and Mexico might be on the eve of such a transformation.

Hence, the relation between migration and development is neither linear nor inversely proportional. Growth, development, and decreasing differentials with destination countries tend rather to have a J-curve or inverted U-curve effect on emigration,

² In the case of “non-labour”, refugee migration from areas stricken by famines, wars or natural disasters also, it is generally not the poorest who tend to migrate (see Skeldon, 2002).

steeply increasing in the initial phases of development and only later gradually decreasing. This phenomenon has been described in the literature as the “migration hump” (Martin and Taylor, 1996; cf. Massey, 1991; Olesen, 2002). It seems important to stress that this relation is not unidirectional, because a decreasing development level relative to other countries may also transform an immigration country into an emigration country, as the case of Argentina has recently shown.

Remedies for migration

The third myth is that development policies, development assistance and trade liberalisation are an effective “remedy” against migration. Advocates of development assistance and trade liberalisation using this argument ignore the theoretical insight that migration tends initially to stimulate migration. Social and economic development enable more people to migrate and tend to increase their aspirations. Several studies seem to suggest that economic growth related to trade liberalisation (NAFTA, EU’s association agreements with North Africa and the Middle East) leads to more rather than less migration in the short to medium term (Faini and Venturini, 1994; Schiff, 1994; Martin and Taylor, 1996; Massey, 1991). The implication seems to be that even successful attempts to combat poverty in low income countries in, for instance, sub-Saharan Africa and south Asia, are likely to lead to a temporarily higher propensity to migrate. Consequently, “stay-at-home” aid and trade policies seem to be ‘right for the wrong reasons’.

Moreover, trade liberalisation and migration can become complementary in the long-term if higher productivity, technological advantages and economics of scale in the North harm the competitiveness of the South even in the production of labour-intensive goods, which can lead to the shift of economic activities to the North, along with more immigration to support them (Martin and Taylor, 1996).

Brain drain and gain

Perhaps the most frequently used argument against migration as a potential source of development is that it provokes brain drain. This is the fourth migration myth. The reality seems more nuanced. First, not all migrants are high-skilled. Secondly, the brain drain seems to be only truly massive in a minority of countries. In a quantitative assessment of the brain drain, Adams (2003) concluded that international migration does not tend to take a very high proportion of the best educated. In two-thirds of the 33 large labour-exporting countries he surveyed, less than 10 per cent of the best educated population had migrated.

The emigration of higher educated migrants seems to be significantly harmful in a limited number of countries. Nevertheless, it remains difficult to generalise about the precise economic, social, and cultural effects of the out-migration of skilled and educated people. Furthermore, we should acknowledge that the outcome of such analysis tends to be value-laden and is partly contingent on the level (e.g., individual or national) at which “development” or “progress” is measured.

Thirdly, brain drain may be accompanied by significant brain gain (Lowell and Findlay, 2002; Stark *et al.*, 1997). In the medium to long term, in particular, the departure of the highly skilled may have beneficial effects in the form of a counterflow of remittances, investments, trade relations, new knowledge, innovations, attitudes and information. Moreover, there is some evidence that the prospect of moving abroad stimulates the incentives to study among stay-behinds. Fourthly, labour tends to be much more productive in wealthy, industrialised countries. In an increasing number of developing countries there is mass unemployment among the higher educated. In those cases both individual and collective gains seem to outweigh the costs of migration.

Many governments consider skilled labourers to be an export product and so willingly create surpluses of certain categories of the higher skilled. This means that they are not automatically the passive victims of exploitation by the West. For instance, the Philippines educates some categories of professionals, such as nurses, with the explicit purpose of generating remittances from abroad. Migrants have also played an important role as innovating and transnationally operating entrepreneurs and investors in countries such as Mexico, Turkey and India.

Besides their economic role, highly skilled migrants often play an important and positive role in the societal and political debate, the development of a civil society in countries of origin, and the emancipation of women and minority groups. The main reason for this is that they have more freedom to organise and express their opinion than is usually the case in sending countries.

In some countries, (return) migrants who studied and worked abroad have played an important role in reforming domestic policies (cf. Massey *et al.* 1998). This underscores the fact that the development effects of migration not only entail than remittances and investments, but also include an important socio-political dimension. Through such social and political investments, migrants can contribute to shaping a better societal climate in countries of origin in general.

This is not to say that the impact of migration is always positive and that brain drain does not occur. However, it seems important to acknowledge that it is virtually impossible to stop the migration of the highly (and low) skilled. Stay-at-home policies pursued by emigration countries have not only proved to be ineffective, but also and, more importantly, to be counterproductive through alienating migrants. In Morocco, for instance, civil servants who emigrate tend to be excluded from the civil service for their lifetime. This means that they cannot deploy their knowledge or skills upon return and will effectively reduce their inclination to invest and return.

In this context, Bhagwati (2003) recently argued that a more realistic response to emigration requires abandoning the 'brain drain' approach of trying to keep the skilled at home. Instead, governments of sending countries should encourage the brain gain referred to above. Instead of punishing emigrants through depriving them of rights, the governments of sending countries should grant emigrants economic and political rights to increase their commitment and encourage remittances, investments and their participation in public debate. Such an approach would appear to be more successful in preventing migrants from turning their back on their home countries. Countries as diverse as India, South Korea, the Philippines, Mexico and Tunisia have

shown considerable success in policies aiming at fostering links with emigrant communities.

It seems important in this context to recognise the increased possibilities for migrants and their families to live transnationally and to adopt transnational identities (cf. Vertovec 1999). This relates to the radically improved technical possibilities for migrants to foster links with their societies of origin through the (mobile) telephone, fax, (satellite) television, the internet, and remitting money through globalised banking systems or informal channels. This increasingly enables migrants to foster double loyalties, to travel back and forth, to relate to people, to work and to do business simultaneously in distant places.

This *de facto* transnationalisation of migrants' lives has also challenged assimilationist models of migrant integration, as well as the modernist political construct of the nation state and citizenship. The implication is that clear-cut dichotomies of "origin" or "destination" and categories such as "permanent", "temporary", and "return" migration seem increasingly difficult to sustain in a world in which the lives of migrants seems increasingly characterised by circulation and simultaneous commitment to two societies.

Conspicuous consumption

The fifth migration myth is that money migrants remit to sending countries is mainly spent on conspicuous consumption and non-productive investments. Migration and remittances are therefore thought to lead to a passive and dangerous dependency on remittances. The dominant perception since the 1970s has been that remittances are spent mainly on houses, food, cars, clothes and important consumption goods, while investments in productive enterprises are rare.

As a consequence of the massive departure of young and supposedly successful and entrepreneurial men and the concomitant dependency on remittances, people living in migrant-sending areas are said to be inclined to withdraw from local economic activities. The lost labour effect is generally supposed to have a negative effect on local production. For instance, migration is typically blamed for causing a critical shortage of agricultural labour, depriving areas of their most valuable, able-bodied working force (cf. Taylor, 1984). Consequently, this lost labour effect is blamed for the de-intensification of agriculture and the decline of land under cultivation (cf. Lipton, 1980; Rubenstein, 1992). Likewise, other traditional economic sectors, such as craft industries, are supposed to suffer from this lost labour effect. Thus, instead of contributing to development in migrant-sending communities, migration is said to undermine the potential for development.

However, there is increasing evidence that this pessimistic perspective is founded on a rather poor empirical and analytical basis. Methodological shortcomings, exaggerated and unrealistic hopes of migration as a development engine, and narrow and arbitrary concepts of development partly explain why "prior work has been unduly pessimistic about the prospects for development as a result of international migration" (Taylor *et al.*, 1996a:1; cf. Stark, 1991).

More recent empirical work from Latin America, in particular, but also from Asian and African countries strongly suggests that remittances potentially enable migrants and their family members to invest in agriculture and other private enterprises. International migrant households often tend to have a higher propensity to invest than do non-migrant households. Several studies have shown that migration does not necessarily lead to passive dependency on remittances, but may also lead to increased economic activities and wealth (cf. Taylor *et al.* 1996a, 1996b; De Haas, 2003).

The idea that remittances are predominantly spent on excessive consumption has proved to be rather inaccurate. Furthermore, there seems reason to criticise the inclination to denote expenditure on housing, sanitation, health care, food and schooling as unproductive and non-developmental. After all, such improvements in the wellbeing and human capital of people also have the tendency to increase their productivity, freedom of choice and the capacity to participate in public debate. Consequently, they also constitute “development”, at least if we adopt a broad definition of this concept, which puts improvements in people’s actual capabilities and wellbeing first³.

Moreover, consumption and the often downplayed “non-productive” investments in housing, small businesses, and education can have positive multiplier effects and increase local economic activity, through which the benefits of remittances also accrue to non-migrant households (Adams, 1991; Taylor, 1999; for extensive reviews, see Taylor *et al.*, 1996a and 1996b). Remittances may therefore lead to an increase of the general prosperity of migrant sending areas in the longer run.

There is also evidence that migration does not necessarily lead to increased income inequality. In fact, the effect of migration on development crucially depends on the selectivity of migration and geographical and temporal scale of analysis (cf. Adams, 1991; Jones, 1998b). Although it should be emphasised that the impact of migration tends to be highly differentiated across space and time, it now seems clear that the persistent image of migrant-sending areas passively depending on remittances is in need of readjustment.

However, it is equally important to recognise that migration does not automatically lead to more development. Migration and remittances can potentially contribute to development, but the specific political, economic, and social circumstances in both the sending and receiving countries determine the extent to which this potential is exploited. As both negative and positive effects on development are found to varying degrees, the relevant question is under what conditions are migration and development more positively correlated than under others.

³ This more comprehensive approach is offered by Sen (1999), who conceives development as “the process of expanding the real freedoms that people enjoy”. In order to operationalize these “freedoms”, he used the concept of *human capability*, which relates to the ability of human beings to lead lives they have reason to value and to enhance the substantive choices they have. The basic assumption here is that the expansion of human capabilities adds to the quality of people’s lives. Sen’s capabilities approach contrasts with narrower views of development that are largely, if not uniquely, restricted to income indicators (e.g., GNP per head) and material growth. Sen argued that income growth itself should not be the litmus test for development theorists, but more the question of whether the capabilities of people to control their own lives have expanded.

What seems essential is that remittances, just like any other source of additional income, potentially give migrants, households and communities greater freedom to concentrate their activities and to allocate investments to those economic sectors and places that they perceive as most stable and profitable. Thus, depending on the specific development context at the sending end, remittances may enable households to retreat from, just as much as to invest in, local economic activities.

General developmental constraints, such as poor infrastructure, corruption, red tape, a lack of macro-economic stability, the absence of appropriate public policies (schooling, health care, land reform etc.), market failures, limited access to international markets due to trade barriers, a lack of legal security and a lack of trust in governmental institutions, are all likely to play a constraining role on remittance transfers and may prevent migrant households from taking the risk of investing socially and financially in their countries of origin and lower their incentive to return and circulate (Massey et al., 1998). Under unfavourable conditions, remittances may hardly lead to investments and development, but instead to a retreat of migrants and their families from social and economic activities in sending countries simply because remittances give them the freedom to do so (De Haas, 2003). Migration may even provoke violence by providing support for warring parties (Van Haer, 2003).

Transnationalism and integration

The sixth migration myth is that the orientation of migration on countries of origin is an indication of the lack of social and economic integration in the receiving countries' societies. This view is particularly fashionable in some northwest European countries. For instance, some Dutch politicians argued in 2002 that immigrants should not invest in their countries of origin, but in the Netherlands to strengthen their integration. Remittances were negatively perceived as a "disappearance" of income earned in the Netherlands to Turkey and Morocco and hampering migrants' integration. In 2004, the Dutch Cabinet said that it would propose the abolishment of dual nationality for third-generation immigrants, and discourage dual nationality generally (Migration News, July 2004).

On the one hand, this reveals the strong bias towards the receiving countries in the migration debate, in which the potential contribution of migration to development in sending countries is ignored. On the other hand, it not only seems unnecessarily harsh, but also factually incorrect to automatically interpret migrants' commitment towards their countries of origin as a consequence of their inability or unwillingness to integrate. Although this might indeed be the case, the reverse is also possible. After all, successful and "integrated" migrants generally also dispose of increased cognitive and financial capacity for setting up enterprises and participating in public debate in their countries of origin.

Thus loyalty to sending countries is not necessarily in conflict with good citizenship in receiving countries. Successful Turkish entrepreneurs living in Germany are increasingly active in the burgeoning tourism, catering and entertainment sectors in Turkey. They also tend to be actively involved in political life and civil society in their country of origin. In the Netherlands, Belgium and France, often well-educated professionals of Moroccan descent exhibit a continued interest in their countries of

origin, which is exemplified by the establishment of associations that explicitly aim to foster links with the countries of origin and sometimes provide small-scale aid (De Haas, 2003; Lacroix, 2003). In Mexico, US migrants' home town associations play a major role in promoting development in sending areas (Bada, 2003).

In this context, too, it seems important to recognise that migrants increasingly live in a transnational world, in which they simultaneously work, do business or participate in public debates in two or even more countries. This transnationality is not incompatible with integration *per se*, and therefore does not deserve to be regarded a priori as a problem. Conversely, migrants' deeper involvement in their receiving societies does not necessarily lead to less significant commitment to their countries of origin. Moreover, attempts (by, for instance, the Danish and Dutch governments) to counteract this transnationalisation of migrants' orientation appears to be not only ineffective, but also harmful to integration, since the associated discourses often have an anti-immigrant tendency and tend to increase rather than decrease the distance felt by alienated immigrants towards majority groups in the receiving societies.

Remittances: the new development mantra?

The increase of South-North migration has been accompanied by an even stronger increase in money remitted by migrants to developing countries from 2 billion US\$ in 1970 to 71 billion US\$ in 2001 (Gammeltoft, 2002). Since this does not include transfers in cash and kind and remittances sent through informal channels, the actual amount of remittances is substantially higher (Nyberg-Sørensen et al., 2002:36). Remittances to developing countries more than doubled over the 1990s, whereas official aid flows showed a declining trend.

Remittances have proved to be less volatile, less procyclical, and therefore a more reliable source of income than other capital flows to developing countries, such as FDI (foreign direct investment) and development aid (Gammeltoft, 2002; Keely and Tran, 1989; Puri and Ritzema, 1999; Ratha, 2003). Accumulated over the 1990s, officially reported remittances to developing countries have been 17 per cent higher than official development assistance (62 per cent in 1999) and were equal to 44 per cent of total FDI (35 per cent in 1999) (calculations based on Gammeltoft, 2002).

Migrant remittances have made possible a drastic improvement in the living conditions of millions of households in migrant-sending countries. For an increasing number of developing countries, remittances form a crucial source of foreign exchange, sustaining their balance of payments. In addition, governments of sending countries have put renewed hopes on migrants as potential investors in the national economy. The surge in remittances has given rise to a kind of euphoria, with migrant remittances being proclaimed as the newest "development mantra" among institutions like the World Bank, governments, and development NGOs (Kapur, 2003; cf. Ratha, 2003).

It has frequently been argued that remittances are a safety net for relatively poor areas, and remittances are less subject to political barriers and controls than either product or other capital flows. Remittances are said to be usually destined for relatively backward, rural regions that are most in need of development capital (Jones

1998a:4). Remittances appear to be a more effective instrument for income redistribution than large, bureaucratic development programmes or development aid.

This “private” foreign aid seems to flow directly to the people who really need it, does not require a costly bureaucracy on the sending side, and far less of it is likely to be siphoned off into the pockets of corrupt government officials (Kapur, 2003:10). Keely and Tran (1989:514) argued that “it is difficult to imagine a mechanism for the transfer of so much capital to so many (and often poor) countries and to the benefit of so many of their citizens”. Jones (1998b) stated that there is probably no other, more “bottom-up” way of redistributing and enhancing welfare among populations in developing countries than these remittances.

In brief, remittances seem to be a well-nigh ideal form of “bottom up” development finance – and perhaps a more viable alternative to classical forms of development aid. Although there is an element of truth in this, such euphoria seems overly optimistic. Firstly, there is a tendency to overestimate the sheer magnitude of migration and remittances. In fact, less than 3 per cent of the world population are international migrants and remittances represent only 1.3 per cent of total GDP of developing countries (Ratha, 2003:157). This may put the argument that remittances alone can generate take-off development into a more realistic perspective.

Secondly, unrestrained optimism unfortunately ignores the insights that have emerged from prior research with regard to the (1) selectivity and (2) heterogeneity of the impact of migration and remittances on development in migrant-sending communities and countries. As migration is a selective process, the direct benefits of remittances are also selective and do not tend to flow to the poorest members of communities (cf. CDR, 2002:2; Schiff, 1994:15), nor to the poorest countries (cf. Kapur, 2003: 7-8). Furthermore, as we have seen, prior research has shown that the developmental potential of migration is often far from fully realised.

Migration and remittances do not automatically generate development and economic growth in migrant-sending areas. This seems to be related in the first place to the unfavourable investment climate, oppression and the lack of political stability and legal security in many sending countries. In the second place, it seems to be related to the restrictive immigration policies of migrant receiving countries, which have the perverse effect of encouraging undocumented migration and the permanent settlement of migrants while interrupting patterns of circular migration (cf. Massey *et al.*, 1998: 289; Harris, 2002; Newland, 2003; Tapinos, 2000).

Highly restrictive policies and barriers to entry push migrants into settlement (Hugo 2003) and, because they fear losing their right to return, immigrants are inhibited from investing in and returning temporarily to the sending country (Weil, 2002:46-7). For instance, after European governments implemented increasingly restrictive immigration policies following the 1973 Oil Crisis, most Moroccan and Turkish “guestworkers” massively opted for family reunification instead of returning (Entzinger, 1985:267). Ironically, undocumented migrants – the very product of restrictionism – seem to be the category that is least inclined to return temporarily.

Linking immigration and development policies

Since the relation between migration and development is most concretely manifested at the individual, household and community levels, the scope for specific policies to increase the development potential of migration is limited by definition. The most effective policies therefore seem to be to improve the legal position of migrants, as well as to improve the general social and political-economic circumstances in the sending countries. If the investment climate and legal security show structural improvements, migrants are far more likely to remain actively involved, to invest, and to travel and return to sending countries.

Remittances play a crucial, potentially positive role in development. Nevertheless, “migration is no panacea for development” (Taylor, 1999). Although remittances enable people to invest, the extent to which they will do so in practice crucially depends on the general development conditions in the sending countries. In addition, legal security for migrants in both the sending and receiving countries seems a necessary condition for releasing the developmental potential of migration.

The much celebrated micro-level at which remittances are transferred is not only their strength, but also their main weakness, since this also implies that individual migrants are generally not able to remove general development constraints. Thus, migration is by no means a substitute for good governance by migrant-sending countries.

Although the room for specific policies to release the development potential of migration is limited by definition, governments and development agencies can play a role in increasing the positive impact of migration on development in sending countries.

Firstly, they can try to reduce the transaction costs of remittances. Banks, specialised money transfer agencies, such as Western Union, and informal middlemen often make high profits on remittances. Secondly, remittances can be encouraged through exempting remittances from taxation, as had been the case in the Netherlands until recently. In the recent past, many governments and banks in sending countries have successfully attempted to attract remittances through special fiscal policies, the establishment of foreign bank branches and giving migrants the opportunity to open foreign currency accounts.

Furthermore, the governments of both receiving and sending countries can provide material and immaterial support to the numerous self-help organisations that migrants have established with the aim of promoting development or establishing development projects in sending countries. For instance, as part of its Program for the Attention of Mexican Communities Abroad, the Mexican government has successfully implemented two-for-one and three-for-one programmes that match funds for every dollar raised by so called Home Town Associations for approved public infrastructure projects in Mexico. These Home Town Associations similarly receive financial and technical support from the Mexican government through its consular offices (Bada, 2003). Nevertheless, as long as the general development context in sending countries does not substantially improve, the effects of such policies should not be overestimated.

In evaluating the policies pursued by most migrant receiving countries, two major incoherencies appear. Firstly, there is a potential discrepancy between the aim of development agencies to help the poorest people and the poorest countries on the one hand, and the aim of creating a link between migration and development policies, because migrants are generally not the poorest members of communities and most migrants do not come from the poorest countries.

A second, more fundamental discrepancy exists between the restrictive immigration policies of migrant-receiving countries and their wish to stimulate circular and return migration. Immigration policies appear to be the principal tool through which migrant-receiving countries can significantly affect the development contribution of migration in sending countries.

However, creating an effective and more positive link between the traditionally separated areas of migration and development policies requires breaking through the seventh and last migration myth, which is that migration policies are able to largely control or stop migration. This is not the case. Although policies do have a distinct influence on the character and volume of migration, the goals of restrictive immigration policies as pursued by most Western states are generally unrealistic, and therefore tend to have counterproductive results. The erroneous point of departure seems that effective migration-control is equal to zero migration (Entzinger, 2000).

Bhagwati (2003:99) recently argued that, paradoxically, “the ability to control migration has shrunk as the desire to do so has increased. Borders are largely beyond control and little can be done to really cut down on immigration”. A higher-than-present level of migration control seems almost impossible without drastically curtailing civil and human rights in a way at odds with enlightenment values and the open nature of modern, democratic societies and capitalist economies. “Total” migration control is not even possible in totalitarian states like Saudi Arabia and the former Soviet Union (cf. Skeldon, 1997:202).

Moreover, experience has repeatedly taught that migration movements, once set in motion, tend to gain their own momentum over time, mainly through the establishment of transnational networks, and have therefore become notoriously difficult for governments to control (Massey et al., 1993:448-50). Migration networks tend to facilitate continuing labour, family and undocumented migration over formally closed borders. Immigration therefore often correlates more strongly with economic growth than with immigration policies (cf. Harris, 2002).

While there is a supply of labour in developing countries, there also is a real and persistent demand for migrant labour in the developing world. Although it seems clear that migration as such cannot be a structural solution to the ageing problem (cf. UNPD, 2000), there is a broad consensus that the demand for both skilled and unskilled migrant labour will persist (Harris, 2002; Martin, 2002) – even if labour participation increases rather drastically (Entzinger, 2000). If we perceive migration as an inextricable component of more general development processes, it is an illusion to believe that we can put a stop to large-scale South-North migration as long as supply and demand last and global inequalities persist. Therefore, the assumption that migration can be “managed” or curbed to a great extent seems unrealistic.

American and European policy makers have frequently suggested a greater use of temporary workers in order to prevent permanent settlement. However, the enforcement of such “revolving door” policies has proven to be extremely difficult (Mattoo, 2002, Ratha, 2003). In constitutional states, a significant proportion of “temporary migrants” (e.g., Mediterranean guestworkers in Europe, Mexican seasonal workers in the US) end up staying permanently, because of the rights they acquire over time, or simply because their employers do not want them to leave or because they get married.

Moreover, restrictive immigration policies tend to have diverse harmful, “perverse” effects. These include a lower visibility of and control on migration through an increase in undocumented migration and people smuggling, and the exploitative, cruel or degrading treatment of migrants this involves; the use of asylum procedures by non-refugees; the labelling and stereotyping of immigrants as “economic refugees” and “illegals”; and the overall criminalisation of migration (cf. Aradau, 2001). Harris (2002) argued that, while the migration of those without adequate documents was essentially a journey to work, the tighter the immigration controls to prevent this, the greater the incentive to stay and settle in order to secure access to work. Consequently, workers were forced to become citizens. The paradoxical result was that “preventing people working so that they would not become citizens forced them to become citizens in order to work” (*ibid*, p. 31).

Anti-immigrant policies and concomitant public discourses also tend to justify public xenophobia the harm of which might counteract the desired migrants’ integration. For the question of migration and development, the most important perverse effect of current policies seems to be that severe restrictions on labour immigration tend to encourage the permanent settlement of migrants while interrupting patterns of circular migration. This significantly lowers the potential contribution of migration to development in sending countries. In sum, the perverse effects of restrictive policies seem to largely outweigh their limited effect on the arrival of mostly low-skilled workers.

Conclusion

Although specific policies can enhance the development potential of migration through facilitating and encouraging remittance transfers and investments, the key to more coherent migration and development policies seems to lie in encouraging circular migration through a far more liberal approach towards labour migration of both low and highly skilled workers where a real demand exists. Although highly restrictive policies give in to and actually encourage unrealistic public fears of being submerged by tidal waves of immigrants, they testify to a rather poor understanding of the developmental root causes of migration.

The paradox is that restrictive policies at both the sending and receiving ends encourage permanent settlement while discouraging circular migration. On the sending side, governments should abandon stay-at-home policies, which have not only proved to be ineffective, but also seem to alienate migrants and actually decrease their inclination to return, circulate, invest and participate in public debate. A more fruitful approach seems to be to create an attractive social, economic, and political

environment that will encourage migrants to remain involved in their home countries, to return and circulate, and to make social and economic investments.

On the receiving side, opening the borders for demand-driven labour migration will greatly enhance the developmental potential of labour migration for both the sending and receiving societies. Purposefully allowing low and highly skilled workers to immigrate will also increase governments' ability to select migrants on the basis of their education and skills. This will prevent further criminalisation of "economic migration" and encourage circular migration. Migrants will become more visible and people smuggling will be reduced. This is also in the interest of receiving societies⁴.

In recent years, there has been a tendency in several immigration countries, particularly in Europe, to liberalise their policies towards the immigration of more highly skilled people for which an increasingly persistent need exists. However, this mostly seems to take the form of a US-inspired Green Card system. However, as the US example shows, in all likelihood there will remain a substantial need for low skilled workers in the agricultural and service sectors as well. Denying these workers rights of entry will therefore not resolve most problems related to undocumented migration.

Besides the need to fully integrate higher and lower skilled immigrants into migration policies, it seems equally important that receiving societies do not create renewed guestworker-type illusions about "temporariness" by fully accepting and embracing the fact that a significant proportion of migrants will stay, as previous experience has generally shown. Recently, renewed hope has been placed on circular migration as a solution to what is perceived as a migration problem. However, this debate wrongly tends to equate circular with temporary migration.

The key to encouraging circular migration is to give migrants the genuine opportunity to migrate again if the return is unsuccessful. Excluding this possibility will continue to push migrants into settlement in very much the same fashion as the policies of the past few decades have done. Again, the paradox is that, through giving migrants the right to re-immigration, they will probably have less justified fears of returning, circulating, and investing in their home countries.

⁴ For recent pleas for more or less free migration see Bhagwati (2003) and Harris (2002). Internationally, neo-classical economists and liberals tend to be the strongest advocates of policies allowing people to move as freely as possible. The first argue that this will contribute to the optimal allocation of production factors and, hence, to greater general wealth. The latter tend to stress that freedom of mobility is a basic human right and that people are not the property of states. Therefore, the mobility of people should not be restricted as long as they do not threaten the legal order. Some, particularly European, scholars have expressed their fears that free migration will undermine modern welfare states, which would require a form of regulation, for instance, through selection of immigrants or limited or phased access of migrants to public services and social security. Partly because the latter policies tend to be difficult to implement and may run counter to non-discriminatory legislation, others argue that the only alternative is to slim down the public sector and social security in more general terms (cf. Sinn 2004). This debate needs to be continued in order to formulate more effective immigration policies. Nevertheless, the case of Canada seems to indicate that demand-driven immigration policies are not automatically incompatible with maintaining a relatively high level of social security.

Instead of uselessly and harmfully trying to stop inevitable migration, immigration policies allowing for free circulation can enhance the vital contribution of migrants to the development of sending and receiving societies. Last but not least, this also seems to be in the interest of the migrants themselves.

REFERENCES

- Adams, Richard H. (1991) The Economic Uses and Impact of International Remittances in Rural Egypt. *Economic Development and Cultural Change*, 39, 695-722
- Adams, Richard H. (2003) *International Migration, Remittances, and the Brain Drain: A Study of 24 Labor-Exporting Countries*, World Bank Poverty Reduction and Economic Management Network
- Aradau, Claudia (2001) Migration: The Spiral of (In)Security, *Rubikon*, e-journal, March 2001
- Bada, Xóchitl, "Mexican Home Town Associations" , Citizen Action in the Americas, No. 5, March 2003 www.americaspolicy.org
- Bhagwati, J. (2003) "Borders Beyond Control", *Foreign Affairs*, Jan/Feb 2003: 98-104
- Brochmann, Grete and Tomas Hammar (red.), 1999, *Mechanisms of Immigration Control*, Oxford/New York: Berg
- Castles, Stephen and Mark. J. Miller (1993) *The Age of Migration*. Houndmills, Basingstoke, Hampshire and London: Macmillan Pres ltd
- CDR (2002) *The Migration-Development Nexus*, Copenhagen, Centre for Development Research
- de Haas, Hein (2003) *Migration and Development in Southern Morocco. The Disparate Socio-Economic Impacts in the Todgha Oasis Valley*. Unpublished PhD Thesis. Nijmegen: University of Nijmegen
- Entzinger, Han (1985) Return Migration in Western Europe: Current Policy Trends and their Implications, in Particular for the Second Generation. *International Migration*, XXIII(2), 263-90
- Entzinger, Han (2000) *Future Trends in European Migration: Sociological Perspectives*, Conference paper, "What Europe for Tomorrow", Vienna, September 27-30, 2000.
- Faini, R., and A. Venturini (1994) *Migration and Growth: The Experience of Southern Europe*, London, CEPR
- Gammeltoft, Peter (2002) *Remittances and other Financial Flows to Developing Countries*, Copenhagen: Centre for Development Research, 2000.
- Harris, N. (2002) *Thinking the Unthinkable: The Immigration Myth Exposed*, London, I. B. Tauris
- Hugo, Graeme (2003) Circular Migration: Keeping Development Rolling? *Migration Information Source*, June 1, 2003 www.migrationinformation.org

- Jones, Richard C. (1998a) Introduction: The Renewed Role of Remittances in the New World Order. *Economic Geography*, 74(1), 1-7
- Jones, Richard C. (1998b) Remittances and Inequality: A Question of Migration Stage and Geographical Scale. *Economic Geography*, 74(1), 8-25
- Kapur, Devesh (2003) *Remittances: The New Development Mantra*, Paper prepared for the G-24 Technical Group Meeting
- Keely, Charles and Bao Nga Tran (1989) Remittances from Labor Migration: Evaluations, Performance, and Implications. *International Migration Review*, 23(3), 500-25
- Lacroix, Thomas (2003) *Espace Transnational et Territoire: Les Reseaux Marocains du Développement*. PhD Thesis. Université de Poitiers
- Lipton, Michael (1980) Migration from the Rural Areas of Poor Countries: The Impact on Rural Productivity and Income Distribution. *World Development*, 8, 1-24
- Lowell, Lindsay B. and Allan Findlay (2002) *Migration of Highly Skilled Persons from Developing Countries: Impact and Policy Responses*, Project Report for ILO and DFID
- Martin, Philip (2002), *Economic Integration and Migration: The Mexico-US Case*, Paper for the WIDER conference, Helsinki, September 27-28, 2002
- Martin, Philip L. and J. Edward Taylor (1996) The Anatomy of a Migration Hump. J. Edward Taylor ed., *Development Strategy, Employment, and Migration: Insights from Models*. Paris: OECD, Development Centre, 43-62
- Massey, D.S. (1991) "Economic Development and International Migration in Comparative Perspective", in: S. Díaz-Briquets, and S. Weintraub (eds), *Determinants of Migration from Mexico, Central America, and the Caribbean*, Boulder, Colorado, Westview Press: 13-47
- Massey, Douglas S.; Joaquín Arango; Graeme Hugo; Ali Kouaouci; Adela Pellegrino and J. Edward Taylor (1993) Theories of International Migration: A Review and Appraisal. *Population and development review*, 19(3), 431-66
- Massey, Douglas S.; Joaquín Arango; Graeme Hugo; Ali Kouaouci; Adela Pellegrino and J. Edward Taylor (1998) *Worlds in Motion: Understanding International Migration at the End of the Millennium*. Oxford: Clarendon Press
- Mattoo, Aaditya. 2002. "Introduction and Overview." In Aaditya Mattoo and Antonia Carzaniga, eds., *Moving People to Deliver Services: Labor Mobility and the WTO*. Oxford University Press
- Newland, K. (2003) "Migration as a Factor in Development and Poverty Reduction", *Migration Information Source*, June 1, 2003, Washington, MPI

- Nyberg-Sørensen, N., N. Van Hear, and P. Engberg-Pedersen (2002) “The Migration-Development Nexus: Evidence and Policy Options; State-of-the-Art Overview”. *International Migration*, 40(5): 3-48
- Olesen, H. (2002) “Migration, Return and Development: An Institutional Perspective”, *International Migration*, 40(5): 125-150
- Puri, Shivani and Tineke Ritzema (1999), *Migrant Worker Remittances, Micro-Finance and the Informal Economy: Prospects and Issues*, Geneva: ILO
- Ratha, D. (2003) “Workers’ Remittances: An Important and Stable Source of External Development Finance”, in *Global Development Finance 2003*, Washington, World Bank: 157-175
- Rubenstein, H. (1992) Migration. Development and Remittances in Rural Mexico. *International Migration*, 30(2), 1992
- Schiff, Maurice (1994) *How Trade, Aid, and Remittances Affect International Migration*. Washington: World Bank
- Sinn, Hans-Werner (2004) *Migration, Social Standards and Replacement Incomes*. Cesifo Working Paper No. 1265. Munich: Ludwig-Maximilians-Universität, www.cesifo.de
- Sen, Amartya *Development as freedom*. New York: Anchor Books
- Skeldon, Ronald (2002) “Migration and Poverty”, *Asia-Pacific Population Journal*, 17(4): 67-82
- Skeldon, Ronald, (1997), *Migration and Development: A Global Perspective*, Essex: Longman
- Stark, Oded (1991) *The migration of Labor*, Cambridge & Oxford: Blackwell, 1991
- Stark, Oded, C. Helmenstein en A. Prskawetz (1997), A Brain Gain with a Brain Drain. *ECOLET*, 55(2), 1997, 227-34
- Tapinos, G. Ph. (2002) “Globalisation, Regional Integration, International Migration”, *International Social Science Journal* (165): 297-306
- Taylor, Elizabeth (1984) Egyptian Migration and Peasant Wives. *Merip reports*, 124, 3-10
- Taylor, J. Edward (1999) ‘The New Economics of Labour Migration and the role of Remittances in the Migration Process’, in: *International Migration*, 37(1), 1999, blz. 63-88
- Taylor, J. Edward; Joaquín Arango; Graeme Hugo; Ali Kouaouci; Douglas S. Massey and Adela Pellegrino (1996a) International Migration and Community Development. *Population Index*, 62(3), 397-418

Taylor, J. Edward; Joaquín Arango; Graeme Hugo; Ali Kouaouci; Douglas S. Massey and Adela Pellegrino (1996b) International Migration and National Development. *Population Index*, 62(2), 181-212

UNPD (2000) *Replacement Migration: Is it A Solution to Declining and Ageing Populations?* New York: UN Population Division, Department of Economic and Social Affairs

Van Haer, N. (2003) *Refugee Diasporas, Remittances, Development, and Conflict*, Migration Information Source, June 1, 2003, Washington, Migration Policy Institute

Vertovec, Steven (1999) Conceiving and Researching Transnationalism. *Ethnic and Racial Studies*, 22(2), 447-462 (16)

Weil, P. (2002) Towards a Coherent Policy of Co-Development, *International Migration*, 40(3): 41-56

Zlotnik, Hania (1998) *The Dimensions of International Migration: International Migration Levels, Trends and what Existing Data Systems Reveal*. Paper presented at the Technical Symposium on International Migration and Development, The Hague, Netherlands, 29 June - 3 July 1998