A BROADER LOOK ON MIGRATION: A TWO WAY INTERACTION BETWEEN DEVELOPMENT AND MIGRATION IN THE COUNTRY OF ORIGIN

Cristian ÎNCALŢĂRĂU*, Sorin-Ştefan MAHA**, Liviu-George MAHA***

Abstract: Most studies on migration are limited to economic impact of migration. But this is only one side of the coin. In order to understand it better, international migration should be placed within the broader context of development. The first part of the article shows the channels through which international migration affects the home country. But the new migration theories have moved to a wider view, considering that development leads by itself to migration, first internally and then externally. Although not sufficient, internal and external mobility are perceived as indispensable for development. Thus, an overview of migration within the more complex process of development is essential, capturing the mutual influence between migration and development. Therefore, the second part of the article points out the need to place migration as an endogenous development variable, along with other variables like internal migration, demographic and economic developments and indentifies different development stages, according to migration transition theory and migration hump theory; so it aims to indicate the necessity of replacing the “one-way—impact of migration on development” approach with “the reciprocal relationship between migration and broader development processes” in order to a better understand of migration and competent policy recommendations definition.

Keywords: international migration, economic consequences, origin country, labour market, remittances, return migration

JEL Codes: F22, O15, J11

1. THE VISION ON THE IMPACT OF INTERNATIONAL MIGRATION ON THE ORIGIN COUNTRY – BETWEEN OPTIMISM AND PESSIMISM

Migration was regarded differently by economists in the 20th century, their opinions varying from optimistic to pessimistic ones (De Haas, 2007; Abreu, 2010). The optimistic vision originates in the neoclassical theory claiming that migration

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* Cristian ÎNCALŢĂRĂU, Centre for European Studies, “Alexandru Ioan Cuza” University of Iaşi, Romania, cristian_incaltarau@yahoo.com
** Sorin-Ştefan MAHA, Faculty of Economics and Business Administration, “Alexandru Ioan Cuza” University of Iaşi, Romania, Sorin.maha@gmail.com
*** Liviu-George MAHA, Faculty of Economics and Business Administration, “Alexandru Ioan Cuza” University of Iaşi, Romania, mlg@uaic.ro
brings benefits both to the origin country and the host country as it favours the optimal allocation of production factors and, as a result, the increase of marginal productivity (Massey et al., 1993, p. 433). The optimist vision of neoclassicists was completed by other supposed benefits of migration brought to the origin country such as the remittance flows received or the human capital of immigrants that return to their home country.

At the opposite pole lie the pessimistic theories based on the theory of cumulative causality defined by Myrdal (1957, cited in De Haas, 2007: 41) who believed that migration does not lead to the optimal allocation of production factors as neoclassicists claimed, but, on the contrary, to greater differences in development between regions, i.e. more poverty in the peripheral area and an increase of economic growth in the nucleus area. This perspective is completed by the phenomenon of brain drain which means that many educated people leave their origin country, thus becoming a wasted investment in human capital (Bhagwati and Rodriguez, 1975) that can have a negative impact on the development of the host country.

Recently, a mixed vision came into being; this accepts both the advantages and the disadvantages of the phenomenon of international migration. However, this vision tends more to the positive side of migration (there are more advantages than disadvantages), being favoured by the culminating ascendant of the value of reminiscences worldwide and the coining of new concepts: brain gain and the perspective of the collaboration with the diasporas which can contribute to the development of the origin country.

2. THE ECONOMIC IMPACT OF INTERNATIONAL MIGRATION – A SOURCE COUNTRY PERSPECTIVE

2.1. The effects of international migration on the labour market in the origin country

In what follows, we will present the effects of international migration on the workforce in the origin country. First, it is important to mention that initially, the impact of immigration depends on several factors: the status of the immigrant on the labour market, the presence of a deficit or surplus on the local labour market or the costs for which the companies manage to recruit the necessary workforce from the internal labour market. All these factors have a various influence on the level of

60 As the title shows, we mention the fact that we will only focus on the migration-economic performance relation from the perspective of the origin country;
61 We have to distinguish between the mechanisms of cumulative causality described by Massey (1990) which explain why social-economic effects of migration self-support the phenomenon of migration.
62 Brain drain may become a resource which may contribute to the social-economic development of the origin country on the long term (brain gain), by means of the human capital accumulated by returning immigrants or the networks which will be built in the origin and destination countries due to them (Hunger, 2002: 1).
salaries, productivity and economic growth. However, the negative impact of migration on the workforce (for instance, in case companies cannot easily replace emigrants due to their experience or the workforce deficit on the internal market) may be partially or totally compensated by other channels. In case the value of the remittances to be received is high enough, they will trigger the demand of services in the origin country, as well; this will stimulate the increase of production and of the workforce demand, respectively (thus allowing an increase in salaries, as well). Therefore, remittances may lead to the increase of demand for the workforce even though immigration originally determined a decrease in the demand for goods and services in the origin country (Bodvarsson and Van den Berg, 2009: 185-188).

**Figure 31** Migration, remittances and demand of the workforce in the origin country


Figure 31 shows the compensating effect of remittances which, by the mechanisms it triggers, may stimulate the increase of production and demand for the workforce even in the context of immigration (provided that its level equals the value of consumption in case emigrants were not to leave the source country). Thus, in the absence of remittances and in the conditions of the decrease of the workforce offer from $S_N$ to $S_{N-M}$ (as a result of immigration), the level of salaries increases from $A$ to $C$ and not from $A$ to $B$, as the demand for the workforce also decreases from $VMP_1$ to $VMP_2$ (the departure of immigrants leads to a lower demand for goods and services in the origin country in exchange for a higher demand for goods and services in the host country which will diminish production and, as a result, the decrease of the workforce in the source country).

In the context of sending remittances according to their dimension, they stimulate consumption in the host country for the ones who remained in the country. Therefore, the level of production may remain constant or increase and the demand for the workforce in the origin country may also be stimulated. According to the amount of remittances, the level of salaries may increase from level $C$ to level $D$, in case the amount of remittances is superior to the consumption the immigrant would have achieved if he had stayed in the origin country which increases the workforce demand from $VMP_1$ to $VMP_3$. 

![Figure 31 Migration, remittances and demand of the workforce in the origin country](image)
Although it is simplistic, this model proves that sending remittances may stimulate the increase of production and workforce demand in the origin country, even if there are people who decide to immigrate.

2.2 The effects of remittances on the economy of the origin country

Remittances are transfers of money and goods from workers abroad to their close ones in the origin country. We will stop on the analysis of the influence of remittances in a narrow sense, i.e. of the ones in currency.

It is important to mention that these flows are extremely difficult to estimate due to the informal channels by which they can be transferred to the origin country (for instance, the immigrant himself may bring them when returning home). Another problem is the attempt to estimate their impact on a microeconomic and macroeconomic level as they cannot be differentiated from the other revenues due to their identical form (Taylor, 1999).

Theorists on migration became interested in remittances quite late. For instance, the neoclassical theory did not leave room for the introduction of the concept of remittance in the models proposed. The theories that appeared later on treated remittances as simple money transfers that were based on pure altruistic considerations. The new economic theory on migration would “revolutionize” the vision on international migration, considering that the decision to immigrate is taken by the entire family which involved the division of costs and benefits of migration at the family level (Stark and Bloom, 1985: 174). Between immigrant and family, a sort of virtual contract is entered into, bringing advantages to both parties and obliging the immigrant to send remittances to the ones who remained in the origin country as a reward for having him supported to leave.

Probably one of the main benefits of remittances is the contribution to the diminution of poverty. This impact depends on the expansion of the phenomenon of migration. In the areas with a low immigration rate, the impact on the decrease of poverty is not significant as the first immigrants of the area are not poor (because, at first, migration is selective). However, as far as the migration networks develop, the contribution of migration to the decrease of poverty becomes significant (Taylor, Mora, Adams and Lopez-Feldman, 2005). Several studies have shown that remittances contribute to the increase of the population’s revenues and the decrease of poverty, respectively (Adams and Page, 2005; Taylor, Mora, Adams and Lopez-Feldman, 2005; Jongwanich, 2007). A study of the World Bank in Morocco (Report 11918-MOR, 1994 in Schiff, 1994: 15) highlighted the fact that due to the selective character of migration (as certain qualities are required and the poor cannot afford such costs), remittances go to less poor families.

Thus, we may say that remittances contribute to higher revenues. This increase in revenues may stimulate economic growth. First, as mentioned in the previous section when we presented the effects on the labour market, the surplus of revenues determined by remittances may trigger a multiplier effect by boosting the demand of
goods and services, which, in its turn, contributes to the increase of production and to the demand of workforce. However, the multiplier effect created by the plus of revenues of the immigrant families depends on the tendency of the families with immigrants for consumption, the capacity of local manufacturers to increase production (thus prices will rise or imports will increase) and the economic relations of the immigrants’ area of origin with the other areas as there are only certain regions or areas with high migration rates (i.e. of the capacity of passing the multiplier effect) (Katseli, Lucas and Xenogiani, 2006: 53). Thus, revenues from remittances may exert pressure on prices on the short term by increasing demand until offer reacts accordingly. However, the prices for real estate or the workforce (which can only rise if immigrants are attracted) whose offer cannot vary on the long term, will remain high (Taylor, 2006: 9-10).

Second, remittances may stimulate economic growth directly from the source country as investments. Thus, remittances solve the problem of accumulating the necessary capital for investments especially in poor countries where the access to the financial market is restricted (Stark and Bloom, 1985). However, investments require an economic environment to stimulate them, besides the accumulation of capital. As a result, the extent to which remittances may generate the multiplier effect by stimulating the increase in demand and production, respectively, depends on national economic policies and the ensuring of a stable economic environment which favours investments in the source country (Taylor et al., 1996: 202-2003). Many studies have shown that, by remittances, immigrants contributed to the increase in investment in the country they left (e.g. McCormick and Wahba, 2003; Woodruff and Zenteno, 2004; Acosta, 2007). Other studies proved that remittances are too small sums which aim at meeting the basic needs of the population, being targeted to consumption, and not investments (e.g. Sandu, 2006; Noica and Stoiciu, 2006; Mallick, 2008).

Of course, we should not omit the studies on the negative effects of remittances. At a microeconomic level, remittances may discourage work which shows in the economy of the source country (Acosta, 2007). Family members who receive remittances are discouraged to look for a job or they are no longer willing to work long hours. At a macroeconomic level, although the remittances are an important source of currency for the source countries along with the reception of remittances, there also comes the risk to neglect the commercial deficit and let imports rise to a higher extent than exports in hope of covering the deficit by remittances (Chami, Fullenkamp and Jahjah, 2003). Moreover, remittances may influence the exchange rate, in the sense of allowing the appreciation of the currency in the origin country (e.g. Amuedo-Dorants and Pozo, 2004; López, Molina and Bussolo, 2007) which affects external trade, i.e. imports increase and exports decrease. This favours a higher disequilibrium of the balance of payments, creating a dependency on the amounts sent to the immigrants.
2.3 Return migration

We should not neglect the fact that international migration of the workforce has a mainly cyclical character, i.e. the immigrant returns to the origin country. Apart from the acquired financial capital, he also accumulates a specific human capital which may create benefits both for him and the economy of the origin country (brain gain). Personally, besides remittances, the benefit consists in the salary surplus obtained due to his experience abroad – wage prime (see Coulon and Piracha, 2005; Hazans, 2008; Ambrosini, Mayr, Peri and Radu, 2011). The poverty of the source country is often a constraint to the human development of persons, wasting their potential. The longer the time they have spent abroad, the more skilled the workers become, and more likely to start a business. As far as the unskilled workers are concerned, the experience abroad is not very helpful for them but they still manage to set a business as they saved money (Katseli, Lucas and Xenogiani, 2006: 41-42). If we consider the economic benefits of the source country, they depend on the possibility of contributing the knowledge acquired (i.e. the technology and infrastructure of the origin country). It is possible for the ones who returned home not to find work due to the higher salaries demanded, the qualifications obtained or the high availability of the workforce (Katseli, Lucas and Xenogiani, 2006: 38). Moreover, it is extremely important for them to readjust to the society they left from. This reintegration is achieved more easily when the experience abroad was a happy one, to be appreciated in the home country as well (Davids and Van Houte, 2008) and when return does not come by force, but voluntarily (Casarino, 2008). But on the other hand, reintegration of the ones from the host country may be hardened by the close ones’ blaming or denial of their having left the country. The immigrants returning to their country often lose priority to housing, jobs or social services in favour of locals (Davids and Van Houte, 2008), which makes their reintegration almost impossible.

Thus, if the immigrant returns to his home country, it is extremely important for him to reintegrate in society and find an economic environment which is eager and capable of exploiting the human and financial capital he accumulated abroad; otherwise, economy can only be influenced by means of the increase of social costs in the origin country.

3. THE RECIPROCAL INFLUENCE BETWEEN MIGRATION AND THE BROADER DEVELOPMENT PROCESS - TOWARDS A NOW MIGRATION PERSPECTIVE

The diversity and complexity of the migration phenomenon, the difficulty to separate it from other social-economic or political processes raised scepticism regarding the possibility to formulate a general theory on migration (Salt, 1987, Van Amersfoort, 1998, cited in de Haas, 2007: 9). Therefore, the approach in the analysis of migration starts to change. Migration starts to be regarded as more of an endogenous variable of the development processes, that is “one-way—impact of migration on development” is replaced by “the reciprocal relationship between migration and
broader development processes” (de Haas, 2007: 62; Castles, 2010” 4-5). In this sense, de Haas (2010) correlated the stages of mobility transition (defined by Zelinsky, 1971 cited in Gedik, 2005) with the development levels (development tiers) defined by the regionalization theory (Skeldon, 1997) and the areas shaped by the world systems theory (Wallerstein, 1774, 1980). The result consisted in the definition of 5 stages of development, taking into account economic evolution, demographic evolution and people’s mobility evolution (Figure 32):

- at first, in the **pre-modern traditional society**, when the country is not even close to the world economic nucleus (the external area), mobility among population is limited and low. This is a phase of demographic stability (with high birth and death rates);

- **early transitional society** – the country becomes a source of workforce for developed countries as the population witnesses a process of accelerated growth (especially due a decrease in mortality), along with the increase of population mobility (both internal and international migration). Thus, the country takes another step in the direction of development processes, becoming a part of the peripheral zone to the world economic core;

- **late transitional society** – the country becomes stable from an industrial viewpoint, the growth of population is more temperate, international migration decreases, international migration from the rural area to the urban one stops at a high level, and the number of circulating movements increases. As semi/peripheral area of the world economic nucleus, this becomes a destination for immigrants.

- Once it becomes a **advanced society** (the last development level known today – postindustrial societies), it is part of the world economic nucleus. The internal decentralization process comes to an end. The population is now stable with low birth and death rates, and the country changes its profile, turning from a migration country into an immigration one;

- The next development stage would be that of the **superadvanced** society in which natality and mortality will stay low (the birth rate may even go under the death rate) and most part of resident migration will be carried out between urban areas. The reception of immigrant flows will continue.

![Figure 32](image-url)  
*Figure 32 Evolution of international migration along the development processes*  
*Source:* adapted from Zelinsky (1971: 233) and Martin and Taylor (1966), taken from de Haas, 2007: 29
Thus, de Haas (2010) formulates a new theory of migration – *migration transition theory* - that treats migration as an endogenous variable of development processes, having the following main hypothesis: human development generally leads to the highest levels of migration and mobility especially due to the lack of obstacles in the way of the free circulation of people, the increase of the individuals’ aims and the deepening of occupational specialization. The explanation given to this evolution (shown in Figure 32) is the following: initially, due to the means of information, the individuals’ aims increase more rapidly than local opportunities can offer. This is the main cause for development to initially determine the acceleration of migration (more and more persons wish to immigrate and manage to do it). Gradually, although the capacity to migrate continues to increase (to a lesser extent due to diffusion), the smaller the development inequalities between the origin country and the destination one, the lower the aim at migrating as local opportunities satisfy the life needs of individuals.

First, this new theory completes older theories of transition, introducing the possibility of stagnation or reversibility in the succession of stages. Second, de Haas (2010) relates the phenomenon of migration to development processes, claiming that at the basis of migration lies not only in the differences in revenues, but also in the difference of opportunities between the place of origin and the destination one which varies according to the destination level. Third, this theory conceptualizes migration according to the individuals’ aims, going beyond the artificial categorising which distinguished between voluntary and involuntary migration and applying to all migration forms.

This evolution of migration shaped by *migration transition theory* is confirmed by *migration hump theory* at an economic level (Martin, 2009), emerged in the context of joining and being integrated into a commercial block. This claims that, in the beginning, the liberalization of commerce and investments in view of economic integration first determines the acceleration of migration. Thus, although initially the phenomenon of migration is spreading fast, gradually creating a *migration hump*, as the process of economic integration determines the convergence of salaries between the immigrants’ origin country and the destination one, migration will increase considerably, and the country which provided workforce may even change its profile in an immigration one.

At demographic level, the same trajectory of migration is confirmed along the demographic transition implied by development processes. On the one hand, international migration is one of the factors which favoured the demographic transition (Fargues, 2006; Fargues, 2011; Beine, Docquier and Schiff, 2009) by passing the values and practices of the developed countries to the developing countries, including the ones that encourage a lower fertility (such as the increase of the education level in children). On the other hand, demographic transition influences international migration, determining the change of the emigrant’s lifecycle from marriage-procreation-migration to migration-marriage-procreation (Fargues, 2011: 602-606),

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encouraging a greater investment in personal development and a decrease in fertility among the population.

All these arguments seem to confirm the fact that migration theory is heading to a new start. This overall vision, which encompasses the migration phenomenon along demographic and economic evolution within the wider phenomenon of development, is an extremely important step in understanding the migration phenomenon and the role it plays in the development of the origin country.

**CONCLUSIONS**

The article presents the main ways in which international migration affects the economy of the origin country. However, it is important to mention that in all cases, several scenarios are possible. Yes, migration may contribute to the development of the origin country by means of remittances and human capital acquired abroad. At the beginning, the effects on the source country economy may be negative if migrants had a job and the domestic labor offer cannot provide alternatives at the same level of wages. In this case, the wages may increase (in order to attract new workers), affecting production. Later on, the sending of remittances may change the situation. As remittances increase family income, it increases demand for local products that can generate a chain multiplier effect. So, under certain conditions, the magnitude of the multiplier effect can compensate for possible loss of production due to labor migration. Still, some other negative consequences may appear as remittances may discourage work at a microeconomic level, the equilibrium of the balance of payments at a macroeconomic level or raise social costs when the returned emigrants cannot be reintegrated in society.

The vision upon international migration and its effects on source and destination economies varied from optimistic to pessimistic. Recently, a mixed vision which accepts both the advantages and the disadvantages emerged. But the debate on migration remains open, because all the scenarios vary from case to case. It is the main reason why this approach – the impact of migration on development – is limited and it has been replaced with - the reciprocal relationship between migration and broader development processes. This is the vision which should lie at the basis of drafting migration policies. Population mobility (both at an external and internal level) was and still is a feature of every society to a greater extent in developed countries and to a lower one at the opposite pole (Skeldon, 1997). Development will not stop migration; on the contrary, it helps diversifying mobility forms (Skeldon, 2011, Zelinsky, 1971 in Skeldon, 1997). Thus, policies on migration cannot stop migration but can influence the volume and patterns of migration flows. On the other hand, this does not mean that migration should be promoted as if it led to development all by itself, being a necessary condition, but not a sufficient one for development. It reflects the differences in development among regions. Thus, the causes of migration and not just its consequences have to be considered (remittance, “brain drain” or diaspora). If migration can contribute to development, or, on the contrary, damage it, depends a lot
on the context. It is certain that migration is generated by certain changes and triggers other changes, in its turn. Therefore, once more, migration has to be viewed as a variable (along with other variables it is correlated to, such as demographic evolution, internal migration, economic conditions etc.) in the development equation and not by itself.

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