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# International Migration, Remittances and Development: myths and facts

HEIN DE HAAS

*ABSTRACT* *The debate on international South–North labour migration tends to focus on the receiving end of migration. This bias obscures a proper understanding of the developmental causes and consequences of migration at the sending end. The reciprocal migration–development relationship is examined through the discussion of seven migration ‘myths’. Because of its profound developmental roots, it is useless to think that migration can be halted or that aid and trade are short-cut ‘solutions’ to immigration. Migrant remittances contribute significantly to development and living conditions in sending countries. Nevertheless, the recent ‘remittance euphoria’ is not justified, because unattractive investment environments and restrictive immigration policies which interrupt circular migration patterns prevent the high development potential of migration from being fully realised. Although specific policies can enhance this potential through facilitating remittance transfers and investments, the key lies in encouraging circular migration. Instead of uselessly and harmfully trying to stop inevitable migration, immigration policies allowing for freer circulation can, besides increasing migration control, enhance the vital contribution of migrants to the development of their home countries.*

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 for ‘receiving’ societies. 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 well-being in both the sending and the receiving societies.

It would appear fundamental to regard the relationship between migration and development as a *reciprocal* relationship. After all, migration is both a

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constituent part of development processes *and* an independent factor affecting development in migrant sending and receiving societies. It is also 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 20th century and early 21<sup>st</sup> century are ‘the age of migration’ (cf. Castles & 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 19th and (rest of the) 20th centuries (Zlotnik, 1998: 14; Nyberg-Sørensen *et al*, 2002: 6–7). One century ago the percentage of international 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 & 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).<sup>1</sup> Migration involves considerable costs and risks, and, besides knowledge and social networks, also requires the necessary aspirations. This explains the paradox that socioeconomic development in the form of rising incomes, educational levels, and access to information tends to be associated initially with *increasing* migration.

Rather than absolute poverty, a certain level of socioeconomic development, combined with *relative* deprivation in the form of global inequality of development opportunities, seems to be the most important cause of migration. To a large extent this can also explain why leading emigration countries (eg Mexico, Morocco, Turkey, the 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 Portugal and also with Ireland, as well as with several southeast Asian countries such as Malaysia, Taiwan and South Korea. Countries such as Turkey, Tunisia and Mexico might be on the threshold 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, 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 & Taylor, 1996; cf Massey, 1991; Olesen, 2002). It is important to emphasise 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.

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 development tends initially to stimulate migration. Social and economic development enables more people to migrate and tends to increase their aspirations. Several studies suggest that economic growth related to trade liberalisation (NAFTA, the EU's association agreements with North Africa and the Middle East) leads to more rather than less migration in the short to medium run (Faini & Venturini, 1994; Schiff, 1994; Martin &

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 long-term complements if non-tariff trade barriers, subsidies, 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, thereby leading to the shift of economic activities to the North, along with more immigration to support them (Martin & Taylor, 1996).

Perhaps the most frequently used argument against migration as a potential source of development is that it provokes a *brain drain*. This is the fourth migration myth. The reality seems more nuanced. First, not all migrants are highly skilled. Second, 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% of the best-educated population had migrated. The emigration of highly educated migrants seems to be truly harmful only 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 (eg individual or national) at which 'development' or 'progress' is measured.

Third, a brain drain can be accompanied by a significant *brain gain* (Lowell & Findlay, 2002; Stark *et al*, 1997). In the medium to long run, 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 incentive to study among stay-behinds. Fourth, labour tends to be much more productive in wealthy, industrialised countries. In an increasing number of developing countries there is mass unemployment among the more highly educated. In these 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 highly 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. One of the main reasons for this is that they tend to have more opportunities and freedom to organise themselves and express their opinion than is often the case in the sending countries. In some countries (return) migrants who have 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 are not limited to remittances and investments, but also include an important sociopolitical 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 no brain drain can occur. However, it is 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 proved not only to be ineffective, but also, and more importantly, to be counterproductive by 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 this 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. Rather than punishing emigrants by 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 backs on their home countries. Countries as diverse as India, South Korea, the Philippines, Mexico and Tunisia have shown considerable success with policies aimed at fostering links with emigrant communities.

It is 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 and the internet, and to remit 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 are increasingly difficult to sustain in a world in which the lives of migrants are increasingly characterised by circulation and simultaneous commitment to two or more societies.

The fifth migration myth is that the 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, feasts, cars, clothes and imported consumption goods, while investment in productive enterprises is 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 impact 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 workforce (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; see also 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 (eg 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 well-being and human capital 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 well-being first.<sup>2</sup>

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; 1996b). Remittances may therefore lead to an increase in 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? 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 development constraints—such as bad infrastructure, corruption, red tape, a lack of macroeconomic stability, the absence of appropriate public policies (schooling, health care, land reform, etc), market failures, difficult access to international markets because of trade barriers, a lack of legal security and a lack of trust in government institutions—are all likely to play a constraining role in remittance transfers and may prevent migrant households from taking the risk of investing socially, politically and financially in their countries of origin and lower their incentive to return and circulate. Under unfavourable conditions remittances may hardly lead to investment and development, but instead to a retreat of migrants and their families from social and economic activities in the 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 Hear, 2003).

The sixth migration myth is that the orientation of migrants towards their 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 as 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 manifestation 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. Migrants also tend to be increasingly 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 is important to recognise that migrants increasingly live in a transnational world, in which they simultaneously work, do business or participate in public debate 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 appear 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 as 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 US\$2 billion in 1970 to \$17.7 billion in 1980 to \$31.1 billion in 1990 to \$76.8 billion in 2000 to no less than \$116.0 billion in 2003 (Gammeltoft, 2002; World Bank, 2005). 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 pro-cyclical, and therefore a more reliable source of income than other capital flows to developing countries, such as foreign direct investment (FDI) and development aid (Gammeltoft, 2002; Keely & Tran, 1989; Puri & Ritzema, 1999; Ratha, 2003). Accumulated over the 1990s, officially reported remittances to developing countries have been 17% higher than official development assistance (at 62% in 1999) and were equal to 44% of total FDI (35% in 1999) (calculations based on Gammeltoft, 2002). In 2001, remittances were double the amount of foreign aid and 10 times higher than net private capital transfers to developing countries. The main beneficiaries of remittances are lower middle income countries, which receive nearly half of all remittances worldwide (Kapur & McHale 2003).

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 placed renewed hopes on migrants as potential investors in the national economy. The surge in remittances has recently 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; see also Ratha, 2003).

It has frequently been argued that remittances are a safety net for relatively poor areas, and remittances are freer from 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 may be overly optimistic. First, there is a tendency to overestimate the sheer magnitude of migration and remittances. In fact, less than 3% of the world's population are international migrants and in 2001 remittances represented only 1.3% of the total GDP of all developing countries (Ratha,

2003: 157). This may put the argument that remittances alone can generate take-off development into a more realistic perspective.

Second, unrestrained optimism unfortunately ignores the insights that have emerged from prior research with regard to 1) the selectivity and 2) the 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 is 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: 89; Harris, 2002; Newland, 2003; Tapinos, 2000).

Highly restrictive policies and barriers to entry paradoxically push migrants into settlement (Hugo, 2003) and, because they fear losing their right to return, immigrants are inhibited from investing in and returning temporarily or permanently to the sending country (Weil, 2002: 46–47). For instance, after European governments implemented increasingly restrictive immigration policies following the 1973 oil crisis, most Moroccan and Turkish ‘guestworkers’ massively chose 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 is a necessary condition for releasing the development 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 governments of 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. First, 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. Second, remittances can be encouraged by exempting them 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 incoherences appear. First, 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, on the other, 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 states are able to ‘manage’, largely control or stop migration. This is not the case. Although policies do certainly 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. In this, the erroneous point of departure is the belief 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 that would be at odds with enlightenment values and the open nature of modern, democratic societies and capitalist economies. Near-total migration control is only possible in totalitarian states like Saudi Arabia and the former Soviet Union (cf Skeldon, 1997: 202). 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: 448–450). 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 an supply of labour in developing countries, there is also 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 UN Population Division (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.

North American and European policy makers and scholars have recently been suggesting a greater use of temporary workers in order to prevent permanent settlement. However, time and again 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’ (eg Mediterranean guestworkers in Europe, Mexican seasonal workers in the USA) 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 lower visibility of and control over migration because of 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 (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' (Harris, 2002: 31).

Anti-immigrant policies and concomitant public discourses also tend to justify public xenophobia, the harm of which might counteract the desired migrants' integration. In terms of the migration and development relationship 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 largely to outweigh their limited effect on the arrival of mostly low-skilled workers.

### **Conclusion**

Although specific policies can enhance the development potential of migration by 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 the low- and highly skilled for which 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 poor understanding of the actual nature, the (limited) magnitude and 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 proven 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 would 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 to demand-driven labour migration while guaranteeing migrants' rights 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 societies.<sup>3</sup>

In recent years there has been a tendency in several immigration countries, particularly in Europe, to liberalise their policies on 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. Yet, as the US example itself shows, in all likelihood there will remain a substantial need for less skilled workers in the agricultural and service sectors as well. Denying their right of entry will therefore not resolve most problems related to undocumented migration.

Besides the need to fully integrate the need for higher and lower skilled immigrants into migration policies, it seems equally important that receiving societies do not create renewed guestworker-type illusions about ‘temporari-ness’ 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 right and 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, if migrants are given the right to re-immigration, they will probably have fewer justified fears of returning, circulating and investing in their home countries.

Instead of uselessly and harmfully trying to stop inevitable migration, immigration policies allowing for freer 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.

## Notes

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* (58 (5), 2004, pp 252–257), a journal published by Koninklijke Uitgeverij Van Gorcum bv on behalf of Clingendael, Netherlands Institute of International Relations.

- 1 In the case of ‘non-labour’, refugee migration from areas stricken by famines, wars or natural disasters, it is also generally not the poorest who tend to migrate (Skeldon, 2002).
- 2 Such a comprehensive conceptual approach to development is offered by Sen (1999), who conceives development as ‘the process of expanding the real freedoms that people enjoy’. In order to operationalise 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 (eg GNP per head) and material growth. Sen argued that income growth itself should not be the litmus test for development theorists; instead they should place more weight on the question whether the capabilities of people to control their own lives have expanded.
- 3 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 former argue that this will contribute to the optimal allocation of production factors and, hence, to greater general wealth. The latter tend to emphasise that freedom of mobility is a basic human right and that people are not the property of states. Therefore, people’s

mobility 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 (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.

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