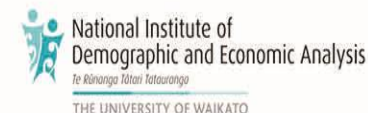


## PATHWAYS TO METROPOLIS IN THE 21<sup>ST</sup> CENTURY: IMMIGRATION ISSUES AND FUTURES CONFERENCE 2012



Ministry of Business,  
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# Circular Migration

## – Challenges and Perspectives –

**Klaus F. Zimmermann**  
IZA and University of Bonn

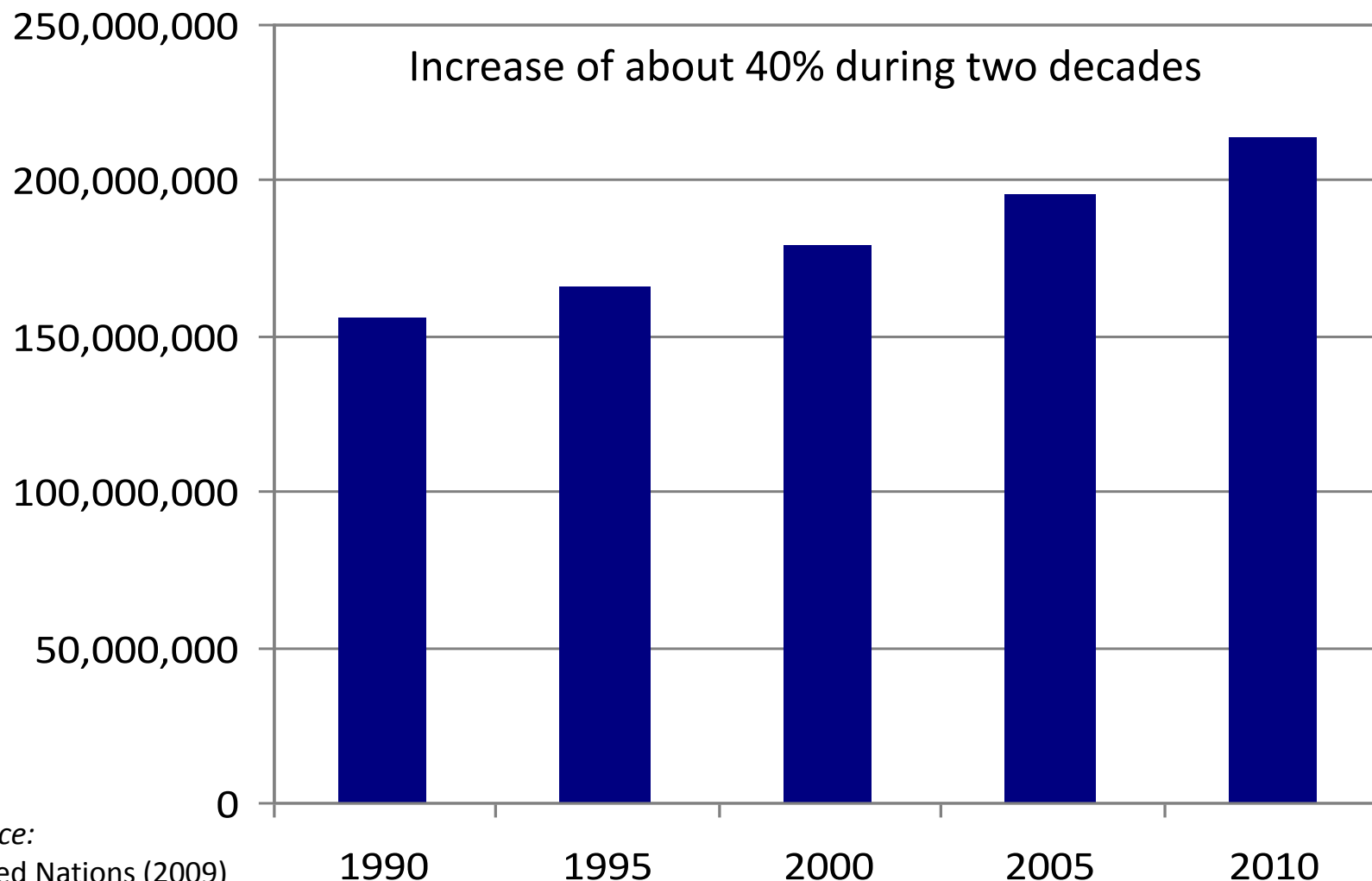
*Pathways to Metropolis in the 21st Century: Immigration Issues and Futures*  
October 25, 2012

# Background and Motivation

- ▶ In a world with continued globalization and demographic changes in many countries, adjustments processes are increasingly important
  - More resources available
  - Higher education
  - Demographic imbalances
  - Population decline
- ▶ **Labor mobility will inevitably increase**

# Wordwide Increase in Labor Mobility

Estimated Number of Internation Migrants, 1990–2010



Source:  
United Nations (2009)

# The Effects of Increasing Labor Mobility

- ▶ Increasing mobility is good because it contributes to an optimal allocation of economic resources that generates high output and welfare, and mobility ensures a quick adjustment of labor markets, especially on the regional level
- ▶ Variety of migrants increase growth potential
- ▶ Skilled migration good for equality
- ▶ **No negative trade-off between efficiency and equality**
- ▶ However, social tension between natives and foreigners may arise if integration opportunities are not available or integration efforts fail

# Causes of Regional Immobility in Europe

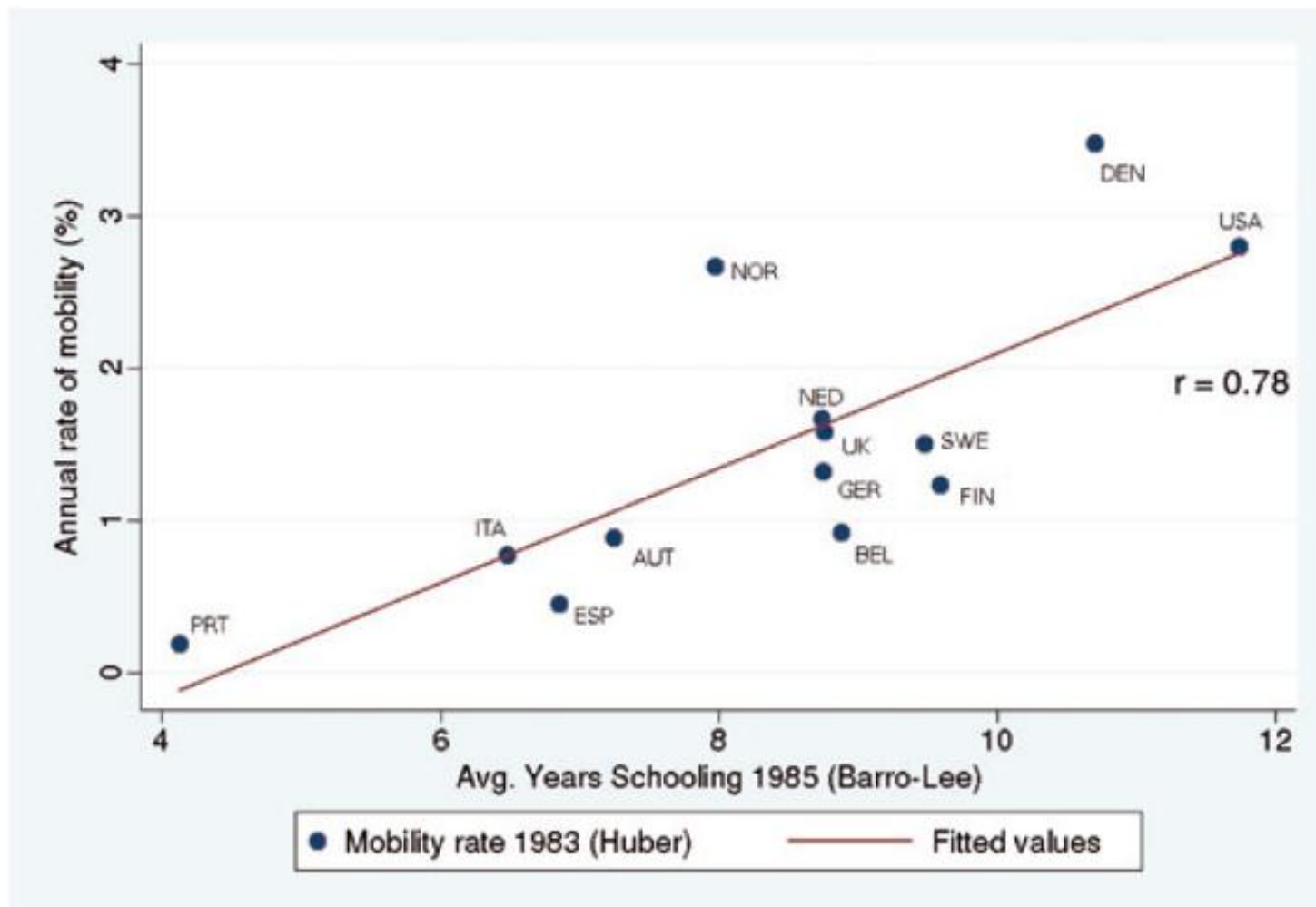
## ► Lack of mobility in Europe results from ...

- ... rising female labor market participation and less mobile double-income households
- ... increase in homeownership rate
- ... still existing barriers to the transferability of social security entitlements
- ... insufficient recognition of formal qualifications
- ... insufficient transparency of European job market and online job search engines
- ... persistent long-term unemployment which leads to increased relevance of social networks for the individual
- ... lack of language skills (main reason) and cultural barriers

# Education and Mobility

- ▶ Machin et al. (2012) show that the length of compulsory education has a causal impact on regional labor mobility
  - Estimates show that one year of education increases the annual mobility rates by about 15 percent
  - Results are not driven by fertility decisions
- ▶ Hence, part of the difference in labor mobility between the US and Europe, as well as the difference between Northern and Southern European countries, is likely to be due to differences in levels of education in the respective regions

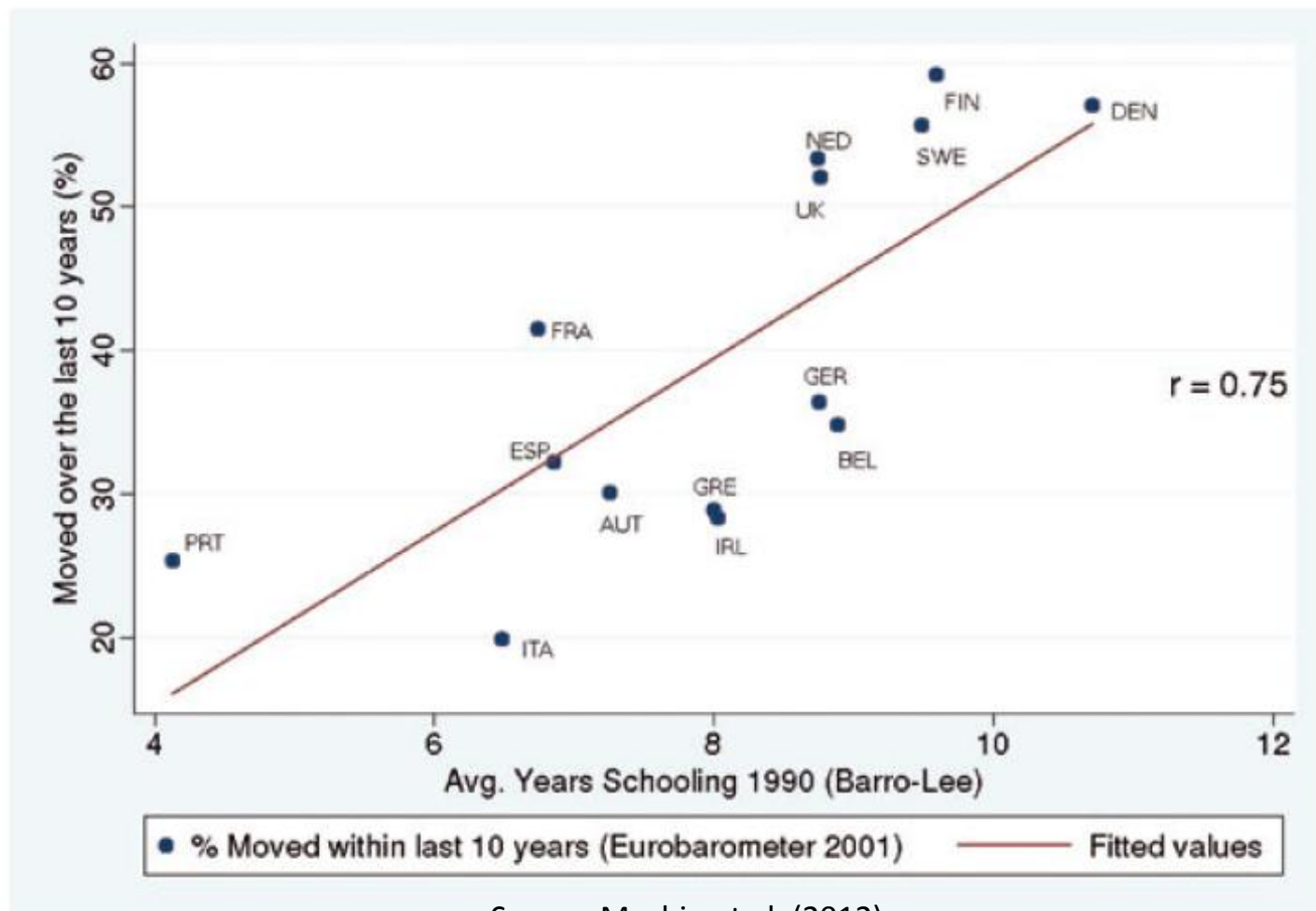
# Years of Education and Regional Mobility



Source: Machin et al. (2012)



# Years of Education and the Proportion of Population that has Moved House Within the Last 10 years

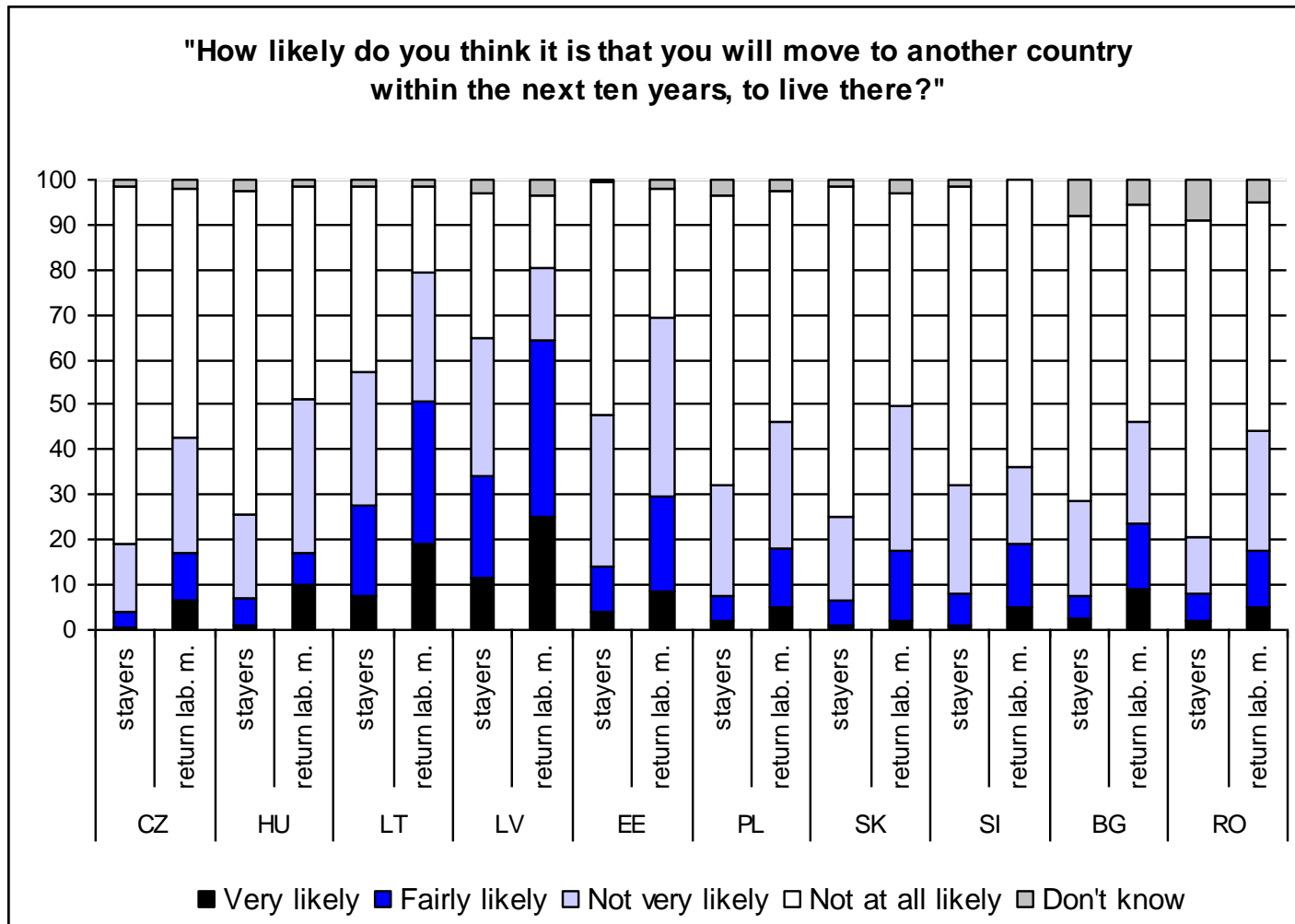


# New Mobility in Europe?

## ► Potential sources of new mobility in Europe:

- EU Enlargement
- EU Eastern partnership countries
- Turkey
- Arab Spring countries

# Migration Intentions of Stayers and Returnees in the EU10



Source: Zaiceva and Zimmermann (2012)

- ▶ Returnees in new EU member states are more likely to repeatedly move than stayers
- ▶ Proportion is higher in countries most affected by the crisis (e.g., Latvia, Lithuania)
- ▶ Even after controlling for socio-demographic characteristics, the probability to migrate is higher for those that have already migrated in the past

# Circular Migration as a Win-Win-Win Situation?

- ▶ Circular migration is widely perceived as a potential “win-win-win situation” that can help to relax the potential social tension:
  - *Circular migrants* take advantage of better employment and payment opportunities in the host country; they optimize and re-optimize their income, savings and assets strategies, and thus improve their economic, social and personal situation at each stage
  - For *receiving countries* circular migration is desirable because it may help to plug labor market shortages by matching excessive labor demand in host countries and excessive labor supply in sending countries
  - *Sending countries* benefit from remittances sent by migrants abroad, and if the better skilled return, they are highly valuable since they transfer knowledge acquired abroad and bring back new ideas

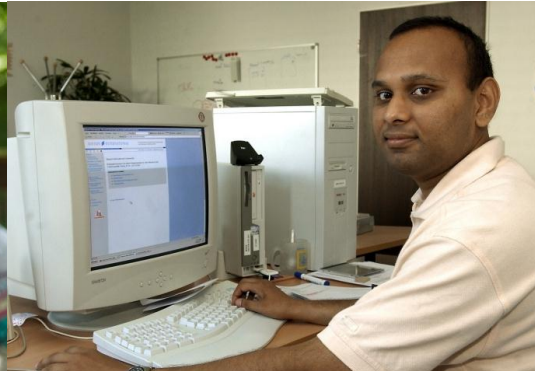
# The Risks of Circular Migration

- ▶ Potential difficulties for *host countries* are compliance problems and illegal “overstaying” of circular migrants
  - Example: Encouraging return migration failed in most European countries after the guest worker recruitment stopped in 1973, especially for immigrants from non-EU member states who could not re-enter the host country easily (Constant and Zimmermann, 2011)
- ▶ In the *sending countries*, out-migration can induce severe shortages of labor supply, and mass male migration can worsen poverty
- ▶ Circular migration may also be harmful to *circular migrants* if they are exposed to exploitation and locked in dependent and exploitative relationships that offer little possibility for upward mobility and training (Hugo, 2009)

# Circular Migration: Examples from the Present



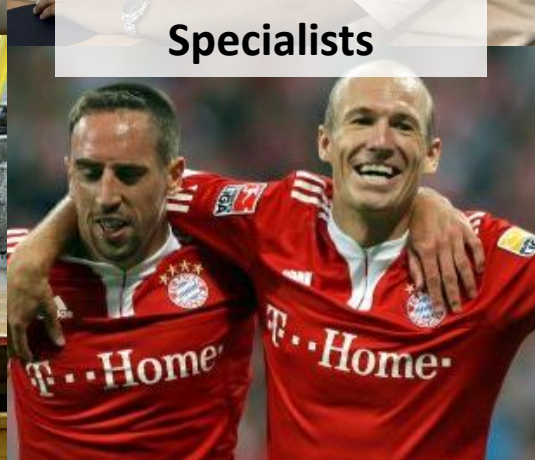
**Seasonal Workers**



**Specialists**

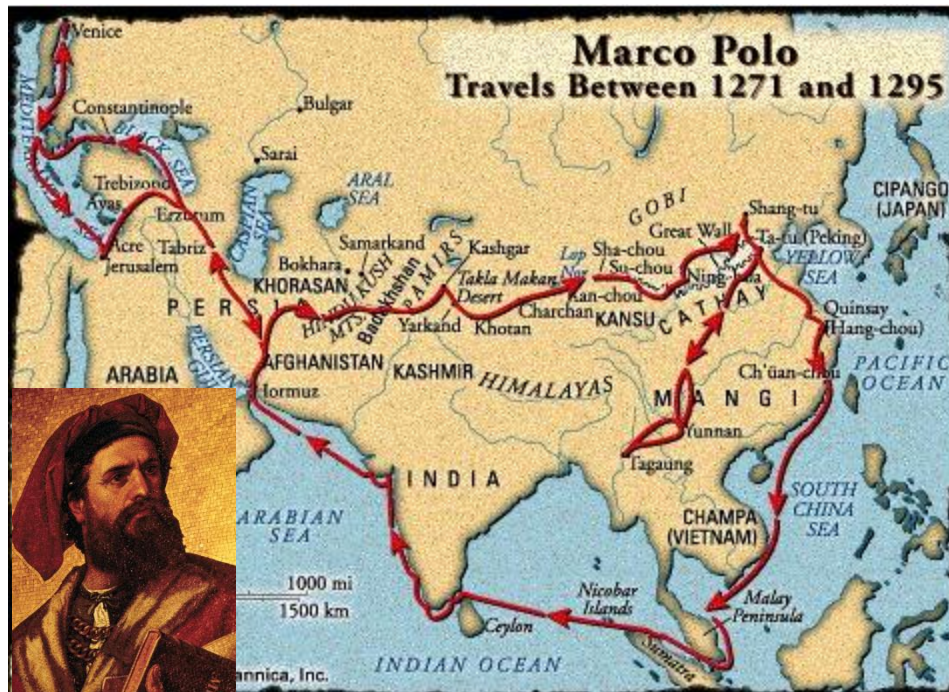


**Students**





# Circular Migration: Historic Examples



**Nomads, traders, and  
other seasonal laborers  
in medieval times**



# Circular Migration: Definition and Specificities

- ▶ Popular definition: Circular migration is the systematic and regular movement of migrants between their homelands and foreign countries typically seeking work (Constant and Zimmermann, 2011)
- ▶ Synonyms: repeat, shuttling, rotating, multiple, cyclical, or circuit migration (also: commuter or revolving-door migration)
- ▶ Unregulated systems are established by the migrants themselves (e.g., nomads and traders), whereas regulated systems are based on collaborations and diplomatic agreements (e.g., "bracero" program in the US, guest worker recruitment in many European countries)
- ▶ A specific and distinct feature of circular migration is its self-perpetuating nature as it spawns migration-specific capital (Massey and Espinosa, 1997; Constant and Zimmermann, 2011)



# Empirical Evidence on Circular Migration

- ▶ Circular migration can create a positive stimulation of labor markets in both the sending and the receiving country, but it can also lead to dependencies, discrimination and alienation
- ▶ Social acceptance by the receiving country is a serious issue: Many societies are worried about “foreign infiltration” due to increased immigration
- ▶ However, simply restricting circular migration is not a solution and often has quite the opposite effect as examples can illustrate:
  - Mexican workers in the US
  - Germany’s guest worker program



## Example 1: Mexican Migrants in the United States



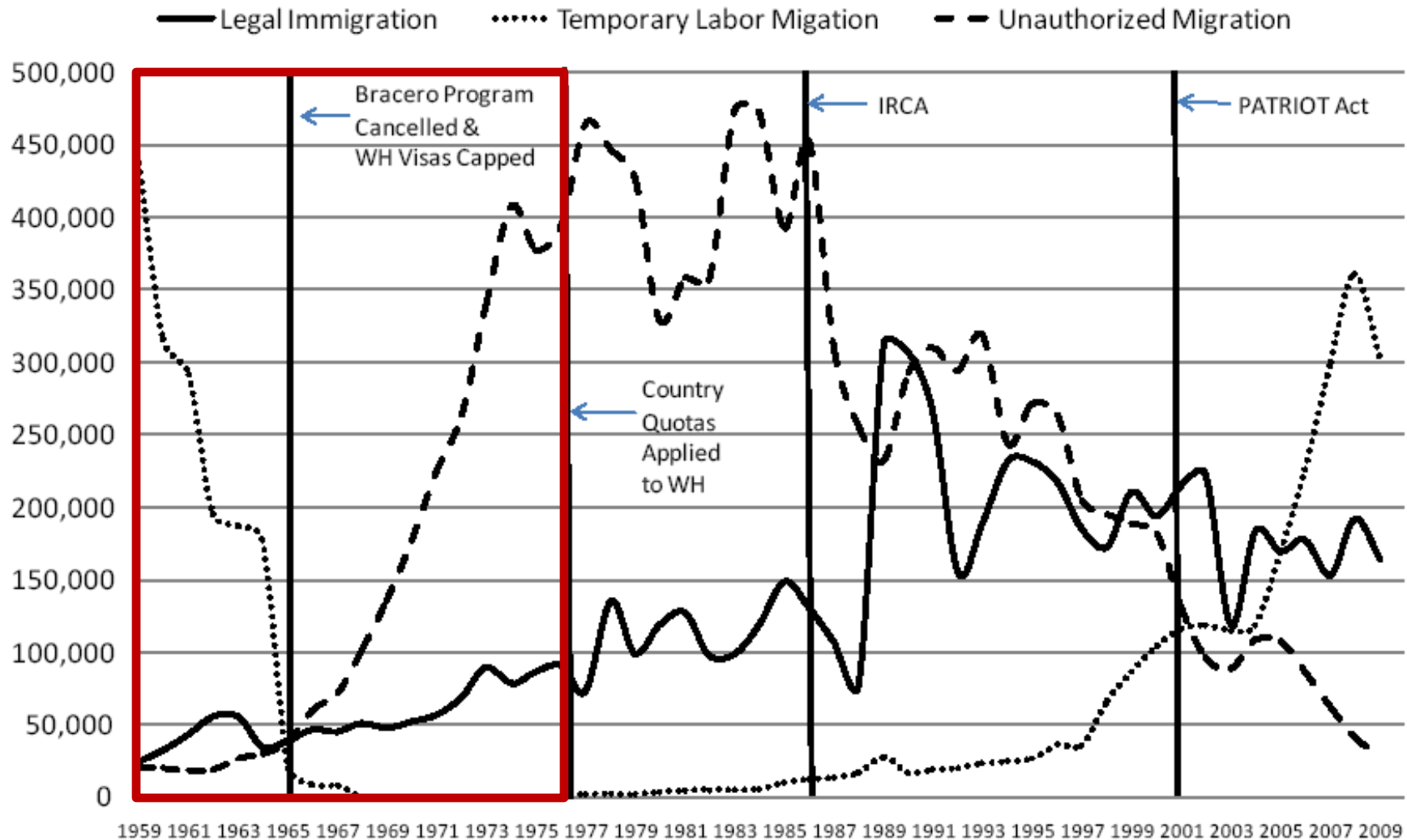
# Overview: Mexican Workers in the US

- ▶ Before the elimination of the bracero migration in 1964, Mexican workers were free to move between Mexico and the US
- ▶ Mexican laborers commuting for employment purposes to the US on a regular basis used to enjoy free labor mobility until an (initially benevolent) change in legislation ended this privilege
- ▶ This change in legislation resulted in severe restrictions such as immigration quotas and enhanced border control for laborers coming from Mexico who sought work in the U.S
- ▶ This led to major changes (Massey, 2011):
  - The geography of migration changed
  - More Mexican families settled permanently in the US
  - Border control induced enormous costs

# Changes in Migration Patterns and Structure

- ▶ While in the early 1980s the average Mexican worker (usually undocumented) was staying in the US for about three years, by the late 1990s, the average stay was nine years
- ▶ Mexican migrants stop going home and brought their families in the US, where we see a tremendous growth of the Mexican population with about 12 million undocumented
- ▶ While the de jure labor system in the US was based on the annual circulation of legal temporary workers and a small number of legal permanent residents, the recently brought on migration cap changed the system to a de facto system of yearly circulation of undocumented workers and a rather larger number of permanent residents (Massey, 2011)

# Mexican Migration to the United States



Source: Massey (2011)



**1964: 1 million guest workers**

## Example 2: Ban on the Recruitment of Guest Workers in Germany

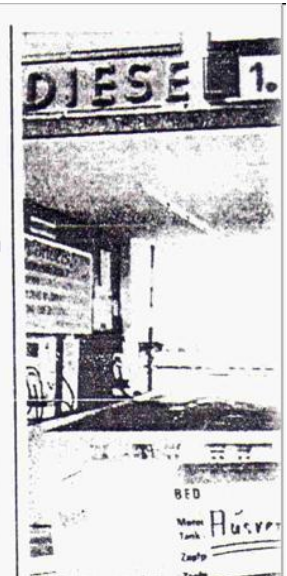
Anwerbung im Ausland eingestellt

### Gastarbeiter-Welle ist vorerst gestoppt

Vorsorge für Beschäftigungsrisiken durch Öl-Krise

Von unserer Bonner Redaktion

BONN. Die Anwerbung von Gastarbeitern aus dem Ausland ist vorläufig gestoppt worden. Bundesarbeitsminister Arendt hat im Hinblick auf mögliche aus der Energie-Verknappung resultierende Beschäftigungsrisiken der Bundesanstalt für Arbeit entsprechende Anweisungen erteilt. Gegenwärtig sind in der Bundesrepublik etwa 2,6 Millionen Gastarbeiter beschäftigt. Hinzu kommen noch etwa 260 000 Ausländer, die sich illegal in der Bundesrepublik aufhalten.



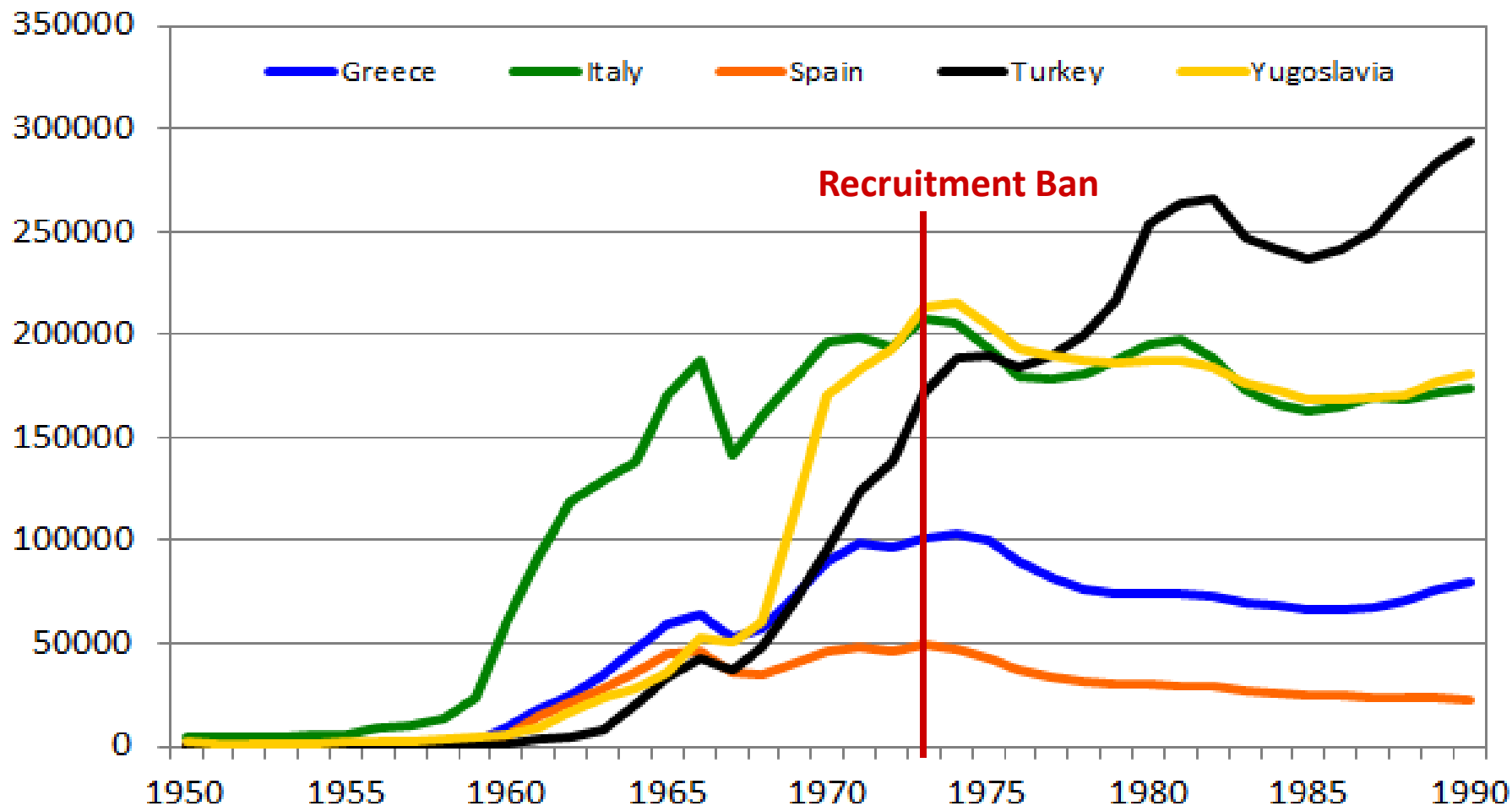


# Guest Workers in Germany

- ▶ In response to its extraordinarily fast economic growth in the late 1950s and early 1960s, Germany signed bi-lateral treaties for recruitment of blue collar workers in low qualified sectors with several Southern European countries
- ▶ This demand-driven and project-tied immigration system was successful in recruiting the desperately needed laborers, who worked hard and contributed to the continued economic boom
- ▶ However, the first oil crisis in 1973 and the subsequent rise in unemployment prompted the German government to stop its guest worker recruitment (see Zimmermann, 1996; Constant et al., 2012)
- ▶ Subsequent efforts to encourage and plans to achieve return migration failed and quite the contrary occurred: Germany experienced an increase of its guest worker population due to family reunification and high fertility rates of these families

# Example: Guest Workers in Baden-Württemberg

Population by Citizenship (1950–1990)



Sources: Ausländerzentralregister, Bundesamt für Migration und Flüchtlinge (BAMF)



# Negative Outcomes after Restricting Migration

- ▶ Immigration restrictions and enforced return migration often result in exactly the opposite situation to what was initially intended
- ▶ Imposing restrictions on immigration that aim to reduce the number of immigrants residing in or entering the country can lead to increasing numbers of immigrants – if necessary illegal
- ▶ In contrast, free mobility and the option to return to the hosting country, for instance guaranteed through citizenship, encourage circularity because immigrants who become naturalized can return to the host country whenever desired, they can search for and accept the best jobs offered – in the home or(!) the host country (Constant and Zimmermann, 2011)

## Who are Circular Migrants?

- ▶ Circular migration is mostly seasonal labor migration and it is most prevalent among the young, among men, and among the single
- ▶ Attachment to the host country as indicated by owning a dwelling or being married and having family in the host country reduces the likelihood to circulate, whereas the acquisition of the host country's citizenship fosters circularity
- ▶ Hence, the likelihood of a circular migration pattern arises with the freedom to leave and with the right to return

# Managing Circular Migration: Examples

- ▶ There is a huge variety of projects and programs aiming to manage circular labor movements in various countries worldwide:
  - Programs in the EU (e.g., partnerships signed by Spain with Morocco, Colombia and Romania in the early 2000s; more recently: bilateral agreements between Portugal/Ukraine and Italy/Moldova)
  - Seasonal worker programs between Canada and Mexico and Canada's new initiative, the "Low-Skilled Pilot Project"
  - New Zealand's "program for seasonal workers from the Pacific islands"
  - United Kingdom's "Seasonal Agricultural Workers Scheme"
  - The H-2B and H1-B visa program of the US
  - Programs focusing on South-South migration (e.g., in Africa or in Asian countries such as China, Korea and Japan)
- ▶ However, designing a system that takes into consideration all needs and necessities at the same time is not trivial

# The Circular Migration Agenda (1/5)

## General principles (Angenendt, 2009):

- ▶ Above all, circular migration policies should secure the human rights of migrants
- ▶ Circular migration programs should be realistic and transparent, meaning that they should contain provisions for every contingency even for illegal or irregular migrants, which are bound to happen
- ▶ A successful policy should have clear and unambiguous goals
- ▶ It should be tailored to skill levels
- ▶ The agents involved in this should be aware that the success of these programs requires substantial governance efforts

# The Circular Migration Agenda (2/5)

## Focus on labor migration:

- ▶ The successful policy agenda of circular migration should include the free access of immigrants to the global labor market
- ▶ It should connect a migratory move to a job generated from the market system, thus rendering the labor market the filter for migration
- ▶ The basic principle of circular migration should be the right or the chance to return back to the host country and should even offer rewards to return migrants
- ▶ International standard settings should include giving minimum work contract standards, providing the means to preserve pension rights, facilitating the free circulation of remittances, and enabling the reunion of family members

# The Circular Migration Agenda (3/5)

## The role of governments:

- ▶ Governments need to find instruments that improve the fit between employers and migrants
- ▶ Governments need to provide channels through which entitlements, such as pensions, that migrants build up during their stay and work abroad can be transferred easily
- ▶ Governments need to offer possibilities for upward mobility by providing training for skill upgrading

## The Circular Migration Agenda (4/5)

### **Remove information constraints, bureaucracy and red tape:**

- ▶ Migrants should be able to easily gather information about possibilities and risks of working abroad as well as about safe travel routes and migration channels
- ▶ Conditions that try to “enforce” circularity (e.g., by offering only very short-term contracts, non-renewable visas, or visas that are tied to particular employers without the option to switch to other admission categories) will increase the risk that migrants are more likely to engage in illegal and unauthorized migration
- ▶ Hence, it is most important to remove obstacles and to encourage circular movement by simplifying bureaucracy and red tape and by making programs more flexible

# The Circular Migration Agenda (5/5)

## **High-skilled migration and international cooperation:**

- ▶ To promote high-skilled circular migration (as is often desired by governments) the receiving and sending countries have to work together and for the longer-run
- ▶ Migration and circulation of people is more complex than the international trade for goods
- ▶ Examples of good practices which balance push and pull factors and gently navigate circular movements:
  - Service centers offering housing assistance to returnees (e.g., in China)
  - Loosening foreign-currency exchange controls (e.g., India)
  - Educational support to the children of returnees (e.g., Turkey/Germany)



## Conclusions (1/4)

- ▶ **Circular migration will become more and more important**
- ▶ Effective policies for labor migration and circular migration go hand-in-hand
- ▶ Countries need to open their labor markets in order to...
  - ... combat the widespread shortages of skilled workers
  - ... reap the economic gains from immigration
- ▶ A **new migration regime based on economic principles** could make labor markets more efficient and reduce regional imbalances
- ▶ **“Brain circulation”** could also mitigate some negative consequences of the crisis and can (partially) compensate for demographic change
- ▶ Circular migration is by its mere definition not permanent, and **if managed properly, it can accommodate volatile labor markets best**

## Conclusions (2/4)

- ▶ For governments planning to establish circular migration systems it is **important to find ways to bring out the benefits while mitigating negative side effects** such as exploitation
- ▶ However, restricting back-and-forth movement and coercing immigrants to return to their homelands will not serve the purpose as various historical experiments have demonstrated
- ▶ **Migration restrictions often backfired, and tight and restrictive policy measures appeared to be counter-productive**
- ▶ **Hence, there are limits to manage migration**
- ▶ From that experience, **circular migration resulting from free labor mobility filtered by the availability of jobs in the host countries could work better**
- ▶ As a start, a special passport for skilled labor migrants that is accepted internationally (“White Card”)?

## Conclusions (3/4)

- ▶ Despite the gain in insight, many questions are still unanswered
- ▶ For example, what are the effects of circular migration on economic factors such as output, wages, or unemployment rates, or on “soft factors” such as integration, ethnic identification, and happiness?
- ▶ But suitable data are hard to come by as statistical offices in different countries generally do not match their data and there is no systematic tracking of migrants’ movements worldwide (global migration surveys?)

## Conclusions (4/4)

- ▶ Additional open research question concerns virtual migration and the effects of internet work
- ▶ More research is needed on this topic in order to completely understand driving factors, benefits, and shortcomings of circular movement because only when determinants and consequences are much better understood, can regulated systems be established to have a chance to manage circular migration more successfully

## References and Further Reading

- ▶ Constant, A. F., O. Nottmeyer and K. F. Zimmermann (2012):  
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- ▶ Constant, A. F. and K. F. Zimmermann (2011):  
**Circular and Repeat Migration:  
Counts of Exits and Years Away from the Host Country**  
*Population Research and Policy Review*, 30(4), 495-515.
- ▶ Constant, A. F. and K. F. Zimmermann (2012):  
**The Dynamics of Repeat Migration: A Markov Chain Analysis**  
*International Migration Review*, 46(2), 361-387.

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**Comments on  
Circular Migration:  
Challenges and Perspectives**

**Klaus Zimmermann**

**John Gibson  
University of Waikato**



# A very comprehensive overview

- Clear case made for why labour mobility will inevitably increase
- Specific context of regional immobility in Europe discussed
- Benefits of circular migration stressed
  - circular migration offers a “triple-win” – good for migrants, the sending country, and the receiving country
  - Standard concerns of critics that workers will overstay, that they will be exploited and that mobility may cause skill shortages in the source country are discussed
  - Unintended consequences of restricting circular migration shown by examples from Bracero program in US and German Gastarbeiter program

# The circular migration agenda

- Achieving the triple-wins requires careful design
  - Right of return to the host country is crucial in reducing incentives to overstay
  - Flexibility
    - One factor why the Australian Pacific Seasonal Worker scheme has been less successful than the RSE  
(substitution with illegal workers is the other)
- Reduce transactions costs, especially for portability of entitlements and cross-border financial flows
  - Long delay in trans-Tasman superannuation portability suggests these are difficult governance issues

# Circular migration requires new evidence

- An unhealthy division of (academic) labor
  - Labour economists look at impact of immigrants on natives (or compare immigrants with natives)
  - Development economists look at impacts on those left behind by comparing households that sent emigrants (or those receiving remittances) with other households
  - The impact on the migrant is rarely studied, and even more rarely in the context of their left-behind family
- Trans-border surveys needed to study the left behind family+migrant(s)
  - Migrant remains part of the source-area household even if they spend part of the year abroad
  - proxy evidence for how the migrant is doing overseas unlikely to be reliable, especially as we focus on broader welfare measures
    - Careful thought needed for measuring the cost of living and the costs of maintaining a 'trans-national' household

# Two helpful by-products of trans-border surveying for circular migration

- Improve the counter-factual evidence for impacts of settlement emigration (+ remittances)
  - Not all settlement migrants have left-behind family
  - Smaller/younger households can be “all move” because everyone fulfils the rules for accompanying migrants to the destination
  - ➔ these households disappear from sample frame of source country surveys
    - biases estimates of the impacts of emigration and remittances on living standards in source areas since similar households are not removed from the counter-factual group
      - Surveying the all-move households in the destination helps reduce this bias
- Helps to estimate ‘income per natural’ (Clemens & Pritchett)
  - the mean annual income of persons born in a given country, regardless of where that person now resides

**Thank You Professor  
Zimmermann!**

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