Social Science Research 42 (2013) 683–697

Contents lists available at SciVerse ScienceDirect

Social Science Research

journal homepage: www.elsevier.com/locate/ssresearch

Does immigration have a Matthew Effect? A cross-national analysis of international migration and international income inequality, 1960–2005

Matthew R. Sanderson

Kansas State University, Department of Sociology, 204 Waters Hall, Manhattan, KS 66506, USA

A R T I C L E   I N F O

Article history:
Received 6 October 2011
Revised 18 October 2012
Accepted 9 December 2012
Available online 21 December 2012

Keywords:
Migration
Development
Globalization
Inequality

A B S T R A C T

This paper empirically assesses how immigration affects international inequality by testing the relationship between immigration and national economic development across countries in different world income groups. A series of cross-national, longitudinal analyses demonstrate that, on average, immigration has a rather small, but positive long-term effect on development levels. However, the findings also indicate that immigration has a Matthew Effect (Merton, 1968) in the world-economy: immigration disproportionately benefits higher-income countries. Moreover, the wealthiest countries reap the largest gains from immigration. Thus, from the perspective of destination countries, immigration does not appear to be a panacea for international inequality. Instead, the results indicate that immigration actually reproduces, and even exacerbates, international inequality.

© 2012 Elsevier Inc. All rights reserved.

1. Introduction

Persistent, and in many cases expanding, income gaps between countries are perhaps the most pressing issue confronting world society (Milanovic, 2007). International migration is emerging as a means of ameliorating these gaps as key international organizations place migration squarely at the front of the international development agenda. The United Nations has spearheaded the movement, beginning in 1994 with the Population and Development Conference in Cairo, which issued a Program of Action calling for, "...orderly international migration that can have positive impacts on both the communities of origin and the communities of destination" (UN, 1994). Since Cairo, the United Nations has led the formation of the Global Commission on International Migration, and initiated the High-Level Dialogue on International Migration and Development, the Global Migration Group, and the Global Forum on Migration and Development, each of which has been tasked, in different respects, with addressing the relationship between migration and development. As a result of these efforts, the migration-development nexus is now prominent in international policy circles. Over the last few years, for example, migration and development has been the topic of the United Nations' *Human Development Report* (2009a) and the World Bank's *Global Economic Prospects Report* (2006).

Although migration has only recently emerged as a development tool, its importance for development has long been recognized. Indeed, limitations on emigration were a central tenet of mercantilist policies in Europe from the 16th to 18th centuries. Absolutist states believed that political power was directly tied to the size of the population. Large populations meant a larger supply of labor, a larger internal market, and a larger military. From this perspective, migration was seen as a zero-sum proposition at the international level. The loss of population through emigration was tantamount to the loss of power and states attempted to control, to the extent possible, emigration of their populations out of a fear of being disempowered vis-à-vis rival states.

E-mail address: mattrs@ksu.edu

0049-089X/$ - see front matter © 2012 Elsevier Inc. All rights reserved.
http://dx.doi.org/10.1016/j.ssresearch.2012.12.004

Mercantilist perspectives on population and development lost sway to the more *laissez faire* approaches of the physiocrats, and subsequently, to classical and neoclassical economics, which today promotes the liberalization of markets for production factors, including labor. Migration is argued to make economies more efficient by moving labor resources from areas of lower productivity to areas of higher productivity. Thus, liberalizing international migration is a means of generating and maximizing wealth for both sending and receiving countries. From this perspective, then, migration is seen as a positive-sum proposition at the international level; it is a win–win for the world. Receiving countries gain laborers and the attendant benefits of population growth identified by the Mercantilists, but sending countries also gain from the financial remittances sent back by migrants abroad and from tighter labor markets at home, which entail higher average wages.

Disagreements over the consequences of migration for national economic development, and thus, for international inequality, remain prominent. Neoclassical economic prescriptions to liberalize migration flows are becoming ascendant as the search continues for alternative means of addressing seemingly intractable levels international inequality: ''In spite of a myriad of development projects, there is still a great chasm between rich and poor countries. However, one tool has as yet been left untried in attempts to bridge the divide: labor mobility'' (Clemens, 2010). However, Mercantilist concerns about the loss of population and disempowerment of sending states vis-à-vis receiving states are the basis for contemporary concerns over ''brain drain,'' ''brain gain,'' the skill-based selective migration policies of many countries in the Global North, and other concerns about whether migration really is a positive-sum proposition at the international level: ''International migration today is not an instrument for reducing inequality'' (Castles, 2007, p. 4).

How does international migration affect international inequality? Despite its emergence on the international development agenda, our understanding the relationship between international migration and international inequality remains limited by the lack of cross-national, empirical analysis. Migration is still most commonly treated as a *national*-level, or at best a bilateral, issue despite the fact that it is now very much an *international* issue. The sources and the destinations of migration are much more geographically diverse, now including the majority of all countries in the world (Castles and Miller, 2003), and the structural motivations and consequences are now situated, in part, at the cross-national level of analysis (Sanderson and Kentor, 2008, 2009; Sanderson, 2010). Moreover, the movement to elevate migration as a development strategy has gained momentum rather quickly, outpacing empirical scrutiny. Indeed, the lack of evidence supporting migration as a development strategy, and more broadly, as a means of ameliorating cross-national inequalities, is remarkable given the salience of the topic in current international discourse.

This paper addresses these shortcomings by empirically analyzing the long-term relationship between immigration and national economic development. Cross-country, or international, income differences are a function, in large part, of different rates of growth within countries. Thus, the question of whether international migration affects international inequality can be addressed by empirically assessing the effect of migration on economic development levels across countries. This is the approach taken here. I begin by incorporating theory and prior research from neoclassical economics and international political economy theory, two disparate strands of research that have not engaged in much cross-fertilization, into an integrated theoretical framework. I then use this framework to develop two hypotheses: (1) immigration will have a positive, long-term effect on development levels in receiving countries; (2) but this positive effect will be larger in magnitude in countries with higher average incomes.

2. Immigration, development, and international inequality

Historical evidence strongly suggests that national economic development under capitalism depends, in large part, upon the existence of a sufficient supply of cheap, flexible labor (Castles and Miller, 2003). Capitalist economies rest upon a fundamental distinction between capital and labor (Marx, 1967). Capital is a fixed factor of production; it cannot be idled without imposing direct costs on its owners. Labor, however, is a variable factor of production; it can be idled as necessary to maintain profitability. The availability of a sufficient supply of cheap, flexible labor is thus crucial for capitalist economic growth because it smooths out fluctuations in the business cycle and restrains wage growth, both of which further the process of capital accumulation. Marx (1967, p. 423) makes this clear: ''...the characteristic course of modern industry, its decennial cycles of periods of average activity, production at high pressure, crisis and stagnation, depends on the continuous formation, the greater or less absorption, and the reconstitution of the industrial reserve army, composed of the surplus population...the expansions are impossible unless there is available human material, unless there has been an increase in the number of available workers irrespective of the absolute growth in the population...''

Initially, capitalist production draws on internal supplies of labor, but eventually accumulation rests on the ability to procure supplies of foreign, immigrant labor. Lewis (1954) describes the role of a cheap, flexible supply of labor in his classic dual sector model of economic development. The development of national capitalist economies is predicated on the existence of dual sectors within the country: a capitalist sector and a non-capitalist, subsistence sector. The capitalist sector develops, or expands, only by incorporating labor from the subsistence sector. Early on, the capitalist sector can expand without increasing wages because there is essentially an unlimited supply of labor in the subsistence sector. By keeping wages low, this unlimited supply of labor allows higher returns to capital, which promotes a self-sustaining cycle of growth through accumulation. Capitalists reinvest some portion of the surplus value in production in order to further accumulation, which stimulates employment demand and draws in more labor from the subsistence sector. Eventually, however, growth in

Download English Version:

https://daneshyari.com/en/article/10474096

Download Persian Version:

https://daneshyari.com/article/10474096

Daneshyari.com