



Does rural development aid reduce international migration? ☆

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ABSTRACT

In recent years, interest has emerged in policy circles and among academics about the use of foreign aid to reduce international migration. Scholars have investigated this aid-migration nexus, but results have been mixed and questions remain. This paper contributes to the literature by comparing the effects of rural and urban development aid on international migration. Specifically, we hypothesize that while increases in rural development aid to developing countries reduce emigration from those countries, greater urban aid produces the opposite effect – higher rates of emigration. These hypotheses are informed by two theoretical mechanisms. The first mechanism focuses on the divergent preferences of rural and urban populations regarding emigration. Aid targeting these respective populations provides each with resources to follow through on their migratory ambitions, or lack thereof. The second mechanism focuses on contrasting impacts of rural and urban aid on agricultural sector development and the effects of this sort of development on emigration. We analyze cross-national time series data to test our hypotheses regarding rural and urban development aid, finding that countries that receive larger amounts of rural development aid have lower emigration rates. Then we turn to survey data from the Arab Barometer to assess whether the attitudes of survey respondents match our theorized mechanisms. Results from survey data suggest that investments in agricultural sector capacity building will lead to reductions in emigration from developing countries; however, these findings do not indicate that rural and urban populations differ in terms of their desire to emigrate.

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1. Introduction

In recent years, there has been a wave of interest in policy circles and among academics in the utilization of foreign aid as a tool to reduce international migration. This approach hinges on the notion that foreign aid improves living standards in developing countries and, in doing so, lowers the incentives of those countries' populations to emigrate. Advocates of aid-based immigration policy argue that this approach is more effective than creating barriers to entry, because it addresses root causes of emigration such as poverty and underdevelopment. Governments in advanced industrialized countries facing migrant and refugee crises are intrigued by the prospects of deterring migration while simultaneously fostering development and creating goodwill in the neighboring countries from which migrants flow.

Despite interest in this approach, there remains great uncertainty as to if, or under what circumstances, aid deters migration. Some scholars have argued that aid will not deter migration at all and that it may actually enable would-be migrants (de Haas, 2007; Clemens, 2014), whereas others have found evidence that aid reduces migrant outflows from source countries (Gamso & Yuldashev, 2017; Lanati & Thiele, 2017). We believe that inconsistency in regard to the effects of aid on migration is partly a function of the aggregate measures of foreign aid that are typically employed in the literature. After all, aid projects differ in terms of their objectives (Clemens, Radelet, Bhavnani, & Bazzi, 2012), their effects (Mavrotas & Nunnenkamp, 2007; Savun & Tirone, 2017), and the mechanisms through which they impact outcomes (Jones & Tarp, 2016).

In this paper, we consider the potentially contrasting impacts of aid directed towards urban and rural development. In particular, we hypothesize that aid targeting rural development will reduce emigration from aid recipient countries, while aid targeting urban areas will increase emigration rates. These hypotheses are informed by two proposed theoretical mechanisms, one centering on the preferences of rural and urban populations, and the other on

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the effects of rural and urban aid on labor markets in recipient countries.

The first theoretical mechanism focuses on the contrasting preferences of rural and urban populations regarding international migration. We posit that, all else equal, rural dwellers have less interest in migrating abroad than their urban counterparts. Urbanites are more likely to wish to emigrate abroad, as their relatively extensive networks, skills, and information regarding opportunities abroad make emigration attractive (Karizhnaya, 2013; Kim, 2014; Hernandez-Leon, 2008; Fussell, 2004). Rural populations may still emigrate, if they lack sufficient economic opportunities in their rural areas of residence, but they have relatively little interest in leaving their homes if not under economic pressure to do so.

Within this context, we expect that aid targeting rural areas will create opportunities and improve living conditions in these areas, thereby deterring residents from seeking alternatives abroad. In contrast, aid targeting urban areas will have an enabling effect, by offering urban populations that wish to exit more economic means to do so. Aid targeting urban areas disproportionately vis-à-vis rural areas may also create pull factors that lead to higher levels of rural-to-urban migration, which should in turn increase the number of urban-dwelling individuals that wish to emigrate abroad and that have the means to do so.

The second theoretical mechanism relates to the contrasting effects that rural and urban aid have on labor markets in rural and urban areas. Specifically, we theorize that rural development aid leads to agricultural sector development and bolsters agricultural production in rural areas. This generates jobs in the rural agricultural sector, as well as economic growth that creates non-farm jobs. These employment effects reduce the perceived benefits of seeking exit, as should the improvements in rural governance that accompany this sort of aid. In contrast, urban aid primarily generates urban development, which encourages urbanization and disrupts rural markets, especially in the presence of persistent urban bias in developing countries (Lipton, 1993; Bezemer & Headey, 2008). These dynamics in turn drive emigration, both from urban and from rural areas.

Hypotheses regarding the effects of rural and urban aid on emigration are the same, regardless of the theoretical mechanism: (1) rural development aid is accompanied by reductions in emigration, whereas (2) urban development aid is accompanied by increases in emigration. We test these hypotheses using data from 103 aid recipient countries, spanning 15 years (1995–2010). We do so using data on foreign assistance from AidData (Tierney et al., 2011) and migration data from the Institute for Employment Research (Brücker, Capuano, & Marfouk, 2013). These datasets allow us to assess the emigration trends that accompany aid projects designed to promote rural and urban development. Results provide partial support for our hypotheses: rural aid is negatively associated with emigration rates, but we find no significant relationship between urban aid and emigration.

Next, we assess our theoretical mechanisms. Analysis of geocoded migration data would be optimal for conducting such assessment. Unfortunately, no such data exist so we instead turn to survey data from the Arab Barometer. This survey data allows us to establish whether the attitudes of respondents match one or both of our theoretical mechanisms. The Arab Barometer asks respondents whether they think about emigrating from their country, as well as whether they reside in rural or urban areas and what line of work they are in (agriculture or other), among other things. Analysis of this data suggests that the attitudes of urbanites regarding emigration do not differ from those of their rural counterparts, but that agricultural sector workers are significantly less likely to consider emigration than those employed in other sectors. Drawing on these findings, we infer that the effect of rural aid on migration is attributable to the impacts of this aid on labor markets

in rural areas. This finding corresponds to our second mechanism, which highlights the positive impact of rural aid on agricultural sector employment in rural areas.

Our results contribute to the scholarly and policy debates regarding the relationship between foreign aid and international migration. While scholars have generally argued that aid has either an enabling or deterring effect on migration, we theorize that some aid has a deterring effect while other aid has an enabling effect. Our findings support the notion that the effects of aid are not uniform, thereby contributing to a growing literature attesting to the heterogeneous effects of different aid types (Jones & Tarp, 2016; Savun & Tirone, 2017). These results have implications for researchers seeking to understand the aid-migration nexus, as well as policymakers looking for development-friendly policies to control migrant inflows.

2. Background and literature review

Immigration from less developed countries is a perennially salient political issue in the advanced industrialized world. The United States has increased its attention to border security since 2000, under both the Bush and Obama Administrations, in an attempt to stem the flow of immigrants from Central America.¹ Likewise, European countries have used sea route patrols, border fences, and deportations to reduce population inflows from the Middle East and North Africa.² Anxieties about migration remain on both sides of the Atlantic, such that migration control efforts were major centerpieces in the presidential campaign of Donald Trump in the United States (Scribner, 2017) and the Brexit campaign in the United Kingdom (Goodwin & Heath, 2016).

Although border security policies may play well to voters, there is surprisingly little evidence that these policies actually deter migration. Indeed, many scholars have expressed skepticism about the effectiveness of traditional immigration policy efforts (Bhagwati, 2003; Castles, 2004; Black, Collyer, Skeldon, & Waddington, 2006). The failure of traditional policies is likely attributable to their inattention to the root causes that push migrants to exit their countries of residence, such as poverty, inequality, and political repression.

Within this context, alternative strategies that focus on addressing the push factors that compel migrants to uproot their lives and move abroad have come to the forefront in the migration policy debate.³ In particular, foreign aid is increasingly seen as a development friendly tool for reducing migration. Advocates of this approach argue that aid spurs development, thereby assuaging the major push factors that compel individuals to emigrate. Recent policy efforts in Western Europe and in the United States suggest that this strategy has found support among policymakers. For example, the European Commission announced plans in 2016 to use “financial allocations devoted to tackling the root causes” of migration as a means to reduce influxes of migrants from the Middle East and Africa;⁴ likewise, the U.S. government announced in 2016 that it will allocate one billion dollars in aid to Central America to reduce migrant inflows from Mexico and other countries in the region.⁵

Despite the intuitiveness of this aid-based approach to managing migration, there is considerable division among academics. While some have been supportive of the notion that aid deters

¹ The Bush Administration passed several laws to strengthen border enforcement, such as the REAL ID Act of 2005 and the Secure Fence Act of 2006 (Wroe, 2008). Likewise, the Obama Administration increased deportations and further emphasized border security (Martínez & Rosen, 2016).

² de Haas (2010).

³ E.g. Azam and Berlinschi (2010).

⁴ European Commission – Press release (2016).

⁵ US Department of State (2016).

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