



Foreign-born internal migrants: Are they playing a different role than natives on income convergence in Spain?

María Hierro*, Adolfo Maza

Department of Economics, University of Cantabria, Avda. Los Castros, s/n 39005 Santander, Spain

ABSTRACT

The main purpose of this paper is to ascertain whether internal migration of foreign-born residents is behind the infant process of provincial income convergence that is taking place in Spain since 2001. In order to fulfil this goal, we propose a new approach within the Markov chain framework that enables us to explore the migration–convergence relationship. For the sake of comparison, this approach is applied to internal migration flows of both foreign-born and natives. The results obtained indicate that the increasingly larger share of foreign-born residents in internal migration is not the cause of the recent reactivation of the provincial convergence process. In addition, these results also reveal that differences between foreign-born and natives in the way they move within Spain do not have a significantly distinct effect on income convergence.

© 2010 Elsevier Ltd. All rights reserved.

JEL:

F22

O15

R23

C10

Keywords:

Income convergence

Internal migration

Foreign-born migrant

Markov chain approach

Spanish provinces

Introduction

The interaction between migration and regional income disparities has become a heated issue in the last decades (Barro & Sala-i-Martin, 1992; Grant & Vanderkamp, 1980; Hierro & Maza, in press; Maza, 2006; Östbye & Westerlund, 2007; Shioji, 2001). The reason for this growing interest is, from a theoretical perspective, quite clear. The studies devoted to this issue are an indirect way of testing the validity of different and competing theories of economic growth; as it is well-known, according to neoclassical theory migrations act as an important mechanism of equilibrium in the regional economy, conclusion not holding in an endogenous growth model. From an applied point of view, the effect of migration on regional income convergence is also an important topic as the persistence of significant regional disparities is considered to be harmful for socio-economic stability.¹

Regarding empirical evidence, the Spanish case is a clear example – and this is the reason why we have chosen it as a sort of laboratory – of the impact that internal migration can exert on regional income convergence. In fact, income convergence in Spain has proceeded through several stages in which internal migration has played a relevant, even crucial, role. In particular, we can distinguish, although with some swings within them, two main income convergence stages. Thus, after two decades of rapid regional convergence fuelled by intense internal migration flows from poor to rich regions, the process of convergence came to a halt in the beginning of 1980s, this circumstance coinciding with dramatic changes in internal migration patterns (Bover & Velilla, 2005; Hierro, 2009; Raymond & García, 1996).

* Corresponding author. Tel.: +34 942202228; fax: +34 942201603.

E-mail address: maria.hierro@unican.es (M. Hierro).

¹ There exist many migration theories from both macro and micro perspectives, some of them partly focused on the role played by internal migration on income convergence. Among existing theoretical classification schemes that deal with this issue, the distinction among the neoclassical economic theory, the human capital model, the job search model and the gravity model is one of the most prevalent in the literature (see Armstrong & Taylor, 2000). Alternative classifications can also be found, for example, in Ghatak, Levine & Price (1996) and Massey et al. (1993).

Although the convergence process seemed to have stabilised since 1980s, this issue has again come to the fore due to recent trends in regional disparities in Spain. As can be noted with a cursory glance to Fig. 1, which represents the evolution of some of the most commonly used inequality indicators between Spanish provinces (namely, the coefficient of variation – CV – and two versions – $T(0)$ and $T(1)$ – of the Theil index), it is clear that signs of recovery have started to appear from 2001 onwards. This being so, the essential idea we try to test in this paper is whether internal migration is behind this infant process of income convergence. Specifically, our interest is in the role played by foreign-born internal migration on income convergence, because the year 2001 also marked the beginning of a large-scale international migration to Spain. Mere coincidence or causality, the fact is that, as pointed by different studies (see, for instance, Hierro, 2007; Hierro & Maza, *in press*; Recaño, 2002), the foreign-born usually demonstrate a somewhat higher inter-regional migration rate than the native population in Spain. In addition, they seem to behave differently to natives when deciding a new destination, as foreign-born residents' preferences in location decision seem to be more influenced by economic and labour incentives, what theoretically should promote income convergence. Bearing these considerations in mind, a comparative analysis of the role played by internal migration of both foreign-born and natives on income convergence seems pertinent at this time.

Another contribution of this paper is of methodological nature. We propose a new methodology, based on the Markov chain approach,² to analyze the migration–convergence relationship. This new methodology tries to provide researchers a simple measure to quantify the effect of internal migration on per capita income convergence, and its main advantage over the existing approaches (see, for instance, the conditional convergence analysis applied by Hierro & Maza, *in press* and Östbye & Westerlund, 2007) is, apart from its simplicity, that it allows us to clearly assess the role, if any, of internal migration from each region on the convergence process.

The remainder of this paper is divided into another three sections. Section 2 briefly describes our data and, in order to place Spanish internal migration in context, the main migration patterns of natives and foreign-born residents during the last few years. Next, Section 3 presents an original methodology to analyze the relationship between internal migration and convergence, as well as the results of its application to internal migration data of natives and foreign-born residents in Spain over the period 2001–2007. Finally, Section 4 concludes with the main results of the study and some policy recommendations.

Internal migration in Spain: an overview

The present section provides a comprehensive overview of recent patterns in Spanish internal migration, making especial emphasis in the distinction between foreign-born and native internal migrations. Before turning to it, it is worth pausing for a moment to describe the data used to study the effect of internal migration on income convergence in Spain.

Data

Due to reasons previously indicated, Spain is an appealing case to assess whether foreign-born internal migration is promoting convergence and, additionally, to dissipate a potentially different effect of foreign-born internal migration on the evolution of income disparities compared with native internal migration. To do that, our definition of region corresponds to the level 3 of the Nomenclature of Territorial Units for Statistics (NUTS) of Eurostat,³ that is, the 50 NUTS3 Spanish provinces. We have opted to use Spanish provinces as units of analysis rather than regions (17 NUTS2 regions), because an analysis at regional level (carried out, for example, in Bover & Velilla, 2005 and Maza & Villaverde, 2004), would involve serious problems of aggregation. As can be seen in Fig. 2, Spanish regions are of widely differing sizes and encompass different numbers of provinces; thus, as seems to be obvious, an exhaustive understanding of migratory flows is more likely to be obtained from a more detailed spatial analysis than from regional data.⁴

The data used in this paper come from two main sources, both of them belonging to the official database available for the Spanish economy, that is, the Spanish National Statistics Institute (INE): (1) The *Statistics of Residential Variations* for migration data and (2) the *Spanish Regional Account* for income data. As for the sample period, for the first part of the analysis sample data from 1996 to 2007 are employed. For the purposes of the empirical approach, only data from 2001 to 2007, the “new” period of income convergence, are considered; although this sample period is as wide as possible, a word of warning about our results is required, because it should not be overlooked that the choice of a relatively short time interval might make it difficult to carry out a fully reliable assessment of the effect of internal migration on income convergence.

As regards income data, we have used a traditional measure of per capita income: the ratio between provincial Gross Domestic Product (in 1995 constant prices) and provincial population. Regarding migration data, some comments are mandatory. One refers to the definition of “migration”. In this regard, this statistic provides information on official registered

² Other papers applying a Markov chain approach to convergence issues are, for example, Co, Landon-Lane, & Yun (2006) and Fingleton (1997).

³ The Nomenclature of Territorial Units for Statistics (NUTS) was established by Eurostat more than 25 years ago in order to provide a single uniform breakdown of territorial units for the production of regional statistics for the European Union. The NUTS classification is hierarchical in that it subdivides each Member State into three levels: NUTS levels 1, 2 and 3. The second and third levels are subdivisions of the first and second levels, respectively.

⁴ In fact, the best option would be to carry out the study considering the Spanish municipalities as units of analysis, but there is no information at this level.

Download English Version:

<https://daneshyari.com/en/article/83856>

Download Persian Version:

<https://daneshyari.com/article/83856>

[Daneshyari.com](https://daneshyari.com)