



# Miserable Migrants? Natural Experiment Evidence on International Migration and Objective and Subjective Well-Being

STEVEN STILLMAN

*University of Otago, Dunedin, New Zealand*

JOHN GIBSON

*University of Waikato, New Zealand*

DAVID MCKENZIE

*World Bank, Washington, USA*

and

HALAHINGANO ROHORUA \*

*University of Waikato, New Zealand*

**Summary.** — We compare successful and unsuccessful applicants to a migration lottery in order to examine the impact of migration on objective and subjective well-being. The results show that international migration brings large improvements in objective well-being. Impacts on subjective well-being are complex, with mental health improving but happiness declining, self-rated welfare rising if viewed retrospectively but static if viewed experimentally, self-rated social respect rising retrospectively but falling experimentally and subjective income adequacy rising. We further show that these changes would not be predicted from cross-sectional regressions on the correlates of subjective well-being in either Tonga or New Zealand.

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## 1. INTRODUCTION

Over 200 million people worldwide live outside their country of birth, with most having moved from a developing to a developed country. Even more move internally; for example, the current shift from rural to urban China is the largest migration flow in history (Zhao, 1999). Both international and internal migrants generally experience large gains in material well-being by moving to where incomes are higher. Yet, studies of the happiness and subjective well-being of migrants, both internal and international, suggest that they can be unhappy and dissatisfied (Bartram, 2011; Knight & Gunatilaka, 2010a; Safi, 2009). Even the World Health Organization (2001) suggests that migration usually does not bring improved social well-being and instead may result in increased risk of mental disorders.

The logic of revealed preference suggests that migration should, on average, make migrants better off in the long run. Moreover, migration restrictions are some of the lowest hanging fruit for raising global prosperity. Previous study of the migrants examined in this paper shows that an adult leaving a developing country with per capita income of about US\$4000 (in Purchasing Power Parity (PPP) terms, similar to Indonesia) and moving to one of the poorer developed countries experiences an immediate increase in earned income of 263% (McKenzie, Gibson, & Stillman, 2010). This earnings wedge is far larger than most international price wedges on goods and capital, making immigration restrictions one of the largest distortions in the global economy (Clemens, Montenegro, & Pritchett,

2008). Thus, the evidence of miserable migrants is challenging, especially because it might be used to justify continued restrictions on labor mobility as, seemingly perversely, improving happiness (Bartram, 2010).

The claimed reason for migrant unhappiness is that even though they have rising absolute incomes they face falling relative incomes, since they typically move from poorer to richer areas. If income of others enters utility functions, and if migrants experience a fall in relative position as their reference group switches from origin areas to the richer destination, unhappiness results (Knight & Gunatilaka, 2012). For example, many of the migrants studied here left jobs as nurses, teachers, and public servants, which placed them at the 73rd percentile of earnings in the home country. Initial occupations in the destination country had much lower status, working as

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farmhands, janitors, and laborers which paid only 75% of the destination country median wage. Even a slight recovery in occupational status when the migrants were observed 3 years later still saw them much lower in the income rank than in their home country, despite absolute levels of per capita income rising by more than 300%.

However, most of the research that lies behind claims of miserable migrants is not backed by research designs that deliver reliable answers to the question: “what is the impact of migration on well-being?” In this paper, we use unique survey data on successful and unsuccessful applicants to a migration lottery to experimentally estimate the impact of migration on objective and subjective well-being. Hence, we are able to deal with the selection bias that undermines previous studies. We also report non-experimental findings for subjective well-being, which differ from the experimental results. Our results call into question the view that migration means misery. Instead, we find complex effects of migration, with mental health improving but happiness declining, self-rated welfare rising if viewed retrospectively but static if viewed experimentally, self-rated social respect rising retrospectively but falling experimentally and subjective income adequacy rising. These complex changes in subjective well-being contrast with uniformly large improvements in objective measures such as incomes and expenditures.

A further feature of the analysis is that we observe the migrants 1 year and 4 years after they leave their Pacific Island home country of Tonga. This lag may matter since Di Tella, Haisken-De New, and MacCulloch (2010) find that life satisfaction adapts completely to income changes within 4 years. Thus, by that timetable, at the time of our second observation, aspirations should have caught up to migrants’ higher income and they may feel no better off than before they moved. A final feature of our study is that it relies on several variables to indicate subjective well-being over different domains, whereas many studies use just a single indicator of either happiness or life satisfaction. The complexity of results we find for different subjective well-being indicators suggests that it may be unwise to rely on single indicator studies.

Instead, it may be useful to consider distinctions made by Deaton and Stone (2013) between “evaluative” and “hedonic” measures and by Kahneman and Deaton (2010) between evaluation of life and emotional well-being. According to these authors, questions about the experience of happiness do not require the same cognitive effort as do evaluative questions that require respondents to rate their life, or some aspect of it. Using very large samples of Gallup data, from both the US and internationally, evaluative measures such as a Cantril ladder of life satisfaction are highly correlated with income even at high levels of income (see also Stevenson & Wolfers, 2013), but hedonic measures such as current happiness respond to income only up to a threshold. The measures used by Kahneman and Deaton (2010) allow an especially sharp distinction, since one relates to happiness yesterday and the other relies on evaluating the best possible life.

Our questions about different domains of well-being allow less sharp contrasts but finding different impacts of migration on objective welfare and evaluative outcomes, such as the adequacy of income and the rank on a ladder, compared with the impacts on more emotional outcomes, such as happiness, is consistent with this distinction between evaluative and hedonic measures. More broadly, our results are supportive of the view that questions on life satisfaction and happiness are not capturing the same thing, and so survey designers need to rely

on several questions to capture subjective well-being over different domains.

The next section briefly summarizes the findings of existing literature, where we focus on migration and subjective well-being since studies of impacts of migration on material well-being are well known (see, for example, McKenzie *et al.*, 2010). Section 3 provides background on the migration flow we study, the migration lottery, and the survey. Section 4 reports the experimental estimates of the impacts of migration on various indicators of well-being, while Section 5 reports non-experimental estimates. Section 6 discusses external validity and Section 7 contains the conclusions.

## 2. PREVIOUS LITERATURE

Academic literature in several fields suggests that migrants are dissatisfied with their lives. A sociologist, Nirna Safi (2009, p. 160) summarizes assimilation studies as showing that “migration and establishment in a new country go together with sorrow, melancholy, and despair” (p. 160). Another sociologist suggests “some findings of happiness research can be used to derive the implication that migration might make some immigrants less happy than if they had stayed put” (Bartram, 2010, p. 2). The reason is that even as migrants’ absolute incomes rise, their relative position falls as their reference group comes to include those in the destination country, and lower relative income leads to unhappiness (Bartram, 2011). Even some economists make such claims. For example, Knight and Gunatilaka (2012) suggest rural-to-urban migration in China “may well have had the unexpected consequences of reducing subjective well-being” (p. 108) because migrants’ aspirations rose faster than incomes, leading to frustration and unhappiness.

Many of these claims are not backed up by research designs that deliver reliable answers to the question: “what is the impact of migration on subjective well-being?” To answer this requires either a combination of pre- and post-migration observations on the same persons, or else matched data from the same survey applied to migrants, and a counterfactual group of non-migrants from the source area. Moreover, the counterfactual sample has to validly represent what would have happened to the migrants in the absence of migration, so there should be no self-selection bias. The literature does not appear to meet these requirements, with no study using either matched counterfactual groups formed across national borders or pre- and post-migration information on subjective well-being to examine the changes caused by migration.<sup>1</sup> Thus, according to Bartram (2011, p. 10) existing research “can’t answer that longitudinal question [how migrants’ well-being changed after migrating] with the cross-sectional data available”.

Instead, some studies compare samples of immigrants with the native population in the host country. For example, Safi (2009) uses data from a 10-point scale on life satisfaction in the European Social Survey to compare immigrants to the native born in 13 European countries. The author claims that “being a first generation migrant *reduces* life satisfaction in the majority of countries” (p. 167, our emphasis). But, evidence of the gap between life satisfaction scores for immigrants and the native born is irrelevant to this conclusion. Similarly, Bartram (2011) uses a 10-point life satisfaction question from the World Values Study to compare immigrants to natives in the US and finds that immigrants have lower life satisfaction; such a comparison is, again, uninformative about the causal impact of migration.

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