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Global Migration and International Development in Unstable Times

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1. Introduction and Motivation

The mix of stagnation traps (or "secular stagnation") in the global north that reduce growth and employment possibilities, the rise of nationalist sentiment in segments of the population of core economies along with a cyclical slowdown of growth in emerging and developing economies (e.g. the global south) may have disturbing effects for the future of open immigration to advanced economies. New trends in migration flows comprise a rise of south-south migration, the upsurge of international remittances, the expansion of talent migration, a rapid increase of international student mobility and medical doctor migration concentrated in high income OECD nations, the phenomenon of irregular migration and the migrant refugee crisis following acute armed conflict in North Africa, the Middle East and other locations. A host of other important issues (not all treated in this paper) include the rights and social protection of migrants, migration and cities, migration and pension systems, the interplay between migration and economic and social crises and so on.

Recent global migration statistics show that south-south migration is overtaking south-north migration as the predominant direction of international migration flows. The rise of south-south migration follows a protracted period since the crisis of 2008-09 of slow GDP growth, higher unemployment, sluggish real wage increases in core economies (US and Europe) and more rapid growth in emerging economies until recently. Stagnation in core economies certainly moderates south-north migration.

Research on international migration highlights the role played by international real wage differentials, per capita income gaps and differences in the business cycles between high- income countries and developing nations as important determinants of international migration flows.

The *composition* of migration between high-skills and low–skills migrants also matters. The results of the UNU-WIDER project on the "international mobility of talent" (see Solimano, 2008) underscored that the migration of talent (skilled and gifted individuals) reflects the interaction between skills shortages in advanced economies, particularly in the IT sector, higher education and the health sector and the supply of highly educated individuals trained in emerging economies and developing countries that are willing to move internationally motivated by their professional interests and aspirations. The empirical evidence tends to show that the inflow of foreign talent has positive effects on recipient countries in terms of economic growth, the transfer of productive skills, the transfer of new ideas and increase the diversity of human capital and the pool of qualified human resources. At the same time for developing countries the outflow of local talent has been, traditionally, a source concern because of its implications for the *brain drain* phenomenon and what is perceived the loss of valuable investment in education. Nevertheless, in a world of increased integration, return migration and circular migration offers a more complex dynamics on the effects of talent emigration on sending countries than the one depicted by the early brain drain literature.

It is interesting to note that in spite of a generally sluggish macroeconomic environment, the inflow of IT experts, academics, international students, health sector professionals to OECD nations has not receded and, even it has accelerated, after the crisis of 2008-09. The strength of the "knowledge-economy" and the proliferation of special investment regimes and visa systems for talent-attraction in high income nations is a new reality in the global circuit of talent mobility.

The financial counterpart of the physical movement of people of different skill levels across countries is the remittances the migrants send back home. Remittances flows to developing countries continue on the rise reaching U$ 435 billion in 2014, a level that is around three times larger than total foreign aid to the developing world. Remittances have positive effects on the home country as a source of income support for the poor, the funding of social investment and current consumption. However, they are not a panacea and can lead to a culture of dependence among recipients that may discourage productive motivation and work effort.

Another important topic is forced migration and humanitarian crises with their share of internally displaced population and international refugees that strain the institutional framework for migration in recipient countries and also entail serious humanitarian crises. As of 2015-16, armed conflicts in Ukraine, Syria, Libya and in Sub-Saharan countries have spurred the worst refugee crisis since World War II posing serious challenges to receiving nations such as Pakistan, Iran, Lebanon, Turkey, Italy, Germany, Sweden and other European countries. Understanding the development impact and peculiarities of forced migration is important.

The purpose of this paper is to examine the challenges for global development posed by the evolving nature of international migration affected by crises and stagnation in the global north, cyclical growth adjustment in the global south, the rise of talent migration and the onset of refugee crises driven by geopolitical and internal conflicts in various parts of the world. This paper is organized around six sections, including this Introduction. Section 2 reviews main trends in migration flows, patterns of south-south and south-north migration and remittances flows, section 3 focuses on the determinants of international migration and highlights analytical complexities related with the international mobility of talent. Section 4 examines the relationship between growth crisis/stagnation traps in receiving nations and migration flows. Section 5 analyzes the issues of forced migration and humanitarian crises and section 6 closes the chapter with a discussion of future challenges for migration and development in an uncertain world.

2. New Trends in Migration and Remittances Flows

International migration flows have been on the rise in the last quarter century as part of the overall process of economic globalization. Between 1990 and 2013 total world migration increased from 154.2 million to 231.5 millions (the actual number could be higher due to irregular, unrecorded, migration). As of 2013 the developed countries as a whole received 58.6 percent of world migration and the developing countries 41.4 percent.[1] At the regional level, the main recipient area is Europe, followed by Asia and North America. In comparative terms, Latin America and Oceania are relatively minor recipient regions of international migrants (see table 1).

Table 1. International Migration Stock (Millions, 1990-2013)

	1990	2000	2010	2013
World	154.2	174.5	220.7	231.5
Developed countries	82.3	103.4	129.7	135.6
Developing countries	71.9	71.7	91.0	95.9
Africa	15.6	15.6	17.1	18.6
Asia	49.9	50.4	67.8	70.8
Europe	49.0	56.2	69.2	72.4
LAC	7.1	6.5	8.1	8.5
NAM	27.8	40.4	51.2	53.1
Oceania	4.7	5.4	7.3	7.9

Notes: LAC: Latin American Countries, NAM: North America

Source: UN, *International Migration Report,* 2013

[1] Note that migration stocks in developed countries and developing countries include migrants from both regions and from outside these regions. Therefore, they do not correspond exactly to the concepts of south-north and south-south, north- south migration.

As shown in table 2 in the first decade of the 21st century (2010/2000) world migration[2] increased at twice the rate of the 1990s (2000/1990): 26.5 percent versus 13.1 percent. In addition, migration to the *developing countries* grew at a higher pace than migration to developed countries, confirming the impulse of south-south migration, an issue we stress in this paper. In turn, in the period 2013/2010 this tendency continues with migration to developing countries growing at a faster pace than migration to developed nations.

Table 2. Change in Migration (percent)

	2000/1990	2010/2000	2013/2010
World	13.1	26.5	4.9
Developed countries	25.0	25.4	4.5
Developing countries	0.0	27.0	5.4

Source: UN, *International Migration Report,* 2013

As already mentioned, a salient feature of international migration in recent years is the rise of south-south migration that reflects a changing global economic geography; in fact, since around 2010 more than half of global GDP (up from one-third by around 1990) is generated in non-OECD nations a trend that is expected to accentuate over time. As mentioned before, according to the United Nations, South-South migration exceeds by a small margin south-north migration the dominant direction of international migration for decades. Table 3 presents the levels and percent of migration by source and destination in 2013.

[2] These are "migration stocks", say number of international migrants.

Table 3. Migration Flows by Origin and Destination (2013)

Direction	Millions	Percentage
South-south	82.3	36
South-north	81.9	35
North-north	53.7	23
North-south	13.7	6
Total	231.6	100

Source: UN DESA, Population Facts, April 2014

The terms "south" and "north" are not without some ambiguity. Their geographic meaning is straightforward but its economic significance is subtler. In general, the "north" is identified with high-income, advanced countries and the "south" with developing countries and emerging economies. For example, a Chinese migrant to Australia would be considered as a south-south migrant from a geographic viewpoint but it would constitute a case of south-north migration from an economic perspective.

South-north migration is driven mainly by economic motives as many migrants coming from lower wages countries are attracted to advanced economies that offer higher wages, better jobs and enhanced living standards for them and their families. South–north migration increased from 59 million in 1990 to 82 million in 2013, rising by 39 percent in this period.

Regional Patterns

There are some significant differences in the patterns of *intra-regional* and *extra-regional* migration across regions of the world. Intra-regional migration is more important in Europe, Asia and Oceania than in Latin America, Africa and North

America in which extra-regional migration (the main destination of migrants lie in countries outside their region of origin) is of greater significance. Table 4a) presents "retention rates by origin", and "retention rates by destination" for six main regions of the world. The retention rate by origin is defined as the percent of the migrant population residing in a *major area of origin* that were born in the same area; in turn, retention rates by destination show the percent of migration population residing in a *main area of destination* that were born in the same area.

Table 4a) Retention rates by region (percent)

	Africa	Asia	Europe	LAC	NAM	Oceania
By origin	49	58	65	15	28	58
By destination	82	76	52	64	2	14

Note: LAC: Latin America and the Caribbean, NAM: North America.

Source: UN, *Population Facts*, April 2014.

Retention rates by origin are over 50 percent in Asia, Europe and Oceania showing that international migration in these regions tends to be intra-regional. In contrast, both Latin America and North America have lower retention rates by origin suggesting the importance of extra-regional migration in these regions. For example, 83 percent of the population of Latin America and the Caribbean (LAC) residing outside the region live in North America, by far the main destination area for LAC people (this is dominated, mainly, by Mexican migration to the United States, UN-DESA, 2014). In turn, 28 percent of North Americans living outside their region of origin live in the Latin American and Caribbean region, their main destination area as international migrants. In contrast, 65 percent of the European migrants reside in an European country (different from their country of birth) and 58 percent of the Asian migrants live in Asia.

In terms of south and north migration stocks, in 2013, 50 percent of those born in the South live in the South (and correspondingly 50 percent in the North) while 80 percent of those born in the North live in the North (20 percent in the south, see Table 4b).

Table 4b International migrant stock by origin and destination, 2013 (percent)

		Destination	
		North	South
Origin	South	50	50
	North	80	20

Source: UN-DESA, 2014.

People born in the north tend to stay there, most likely because of the higher living standards enjoyed in advanced economies; in addition, the north has been the most attractive region for migrants from the south (stocks). In terms of migration flows, the south is becoming an area of increasing importance as a destination for international migrants, particularly for those coming from the south (south-south migration). This is consistent with the narrowing of development gaps between the global south and the global north and the sluggish economic performance of the north after the crisis of 2008-09.

<u>Migration Corridors</u>

A considerable part of world migration takes place in some main "corridors" (place of birth-place of residence) across the world that connect countries, often with historical, physical or cultural similarities although also with disparities among them in their economic development levels. According to United Nations classifications, some main *south-south corridors* are tied to oil producing countries as destination. In 2013 there were 2.4 million migrants from India in the United Arab Emirates and 1.8 million Indian migrants in Saudi Arabia. Other important south-south corridors, that receive over 2 million migrants are Russia–Kazakhstan (2.4 millions), China-Hong Kong (2.3 millions), Afghanistan-Iran (2.3 millions) and Afghanistan- Pakistan (2.3 millions).

Main *south-north corridors* are Mexico-United States (13 millions), Russia-Ukraine (3.5 millions), Ukraine –Russia (2.9 million), China-United States (2.2 millions), India-United States (2.1 millions), Philippines-United States (1.9 millions), Turkey-Germany (1.5 millions) and Algeria - France (1.5 millions).[3]

Remittances flows

Remittances flows sent by international migrants to developing countries have been on a steady rise in the last decade and a half; the estimate of remittances for 2015 is U$ 440 billion. Since 2008 total remittances have increased by near U$ 120 billion providing an important source of foreign exchange and fresh resources to the developing world. The rate of growth of remittances to developing countries has been fluctuating since the crisis of 2008 with negative growth in 2009, the year of the "great recession", then recovering in 2010-2011, followed by a fluctuating pattern in 2012-2015 (see table 5).

Table 5. Remittance flows to developing countries (2008 -2015)

	2008	2009	2010	2011	2012	2013	2014f	2015
	(Growth rate, percent)							
Developing countries	**16.5**	**-4.8**	**8.0**	**11.7**	**6.1**	**3.7**	**4.4**	**0.9**
East Asia and Pacific	18.8	1.8	10.9	12.3	0.1	5.5	7.6	2.8
Europe and Central Asia	17.2	-19.4	0.0	13.1	9.6	11.1	-6.3	-12.[illegible]
Latin America and Caribbean	2.2	-11.8	0.9	7.3	1.1	1.2	5.8	2.3

[3] UN-DESA (2014), table 2.

Middle-East and North Africa	12.0	-6.2	20.8	6.3	16	0	7.7	1.1
South Asia	32.6	4.8	9.5	17.7	11.2	2.5	4.5	3.7
Sub-Saharan Africa	15.7	-6.7	4.9	6.8	1.6	0.9	2.2	0.9
World	**16.1**	**6.5**	**6.3**	**11.0**	**4.1**	**4.5**	**4.7**	**0.4**
				($ billions)				
Developing countries	**324**	**316**	**341**	**381**	**403**	**418**	**436**	**440**
East Asia and Pacific	85	85	95	106	107	113	122	125
Europe and Central Asia	45	37	37	41	46	52	48	42
Latin America and Caribbean	64	57	58	62	60	61	64	66
Middle-East and North Africa	36	34	41	43	49	49	53	53
South Asia	72	75	82	97	108	111	116	120
Sub-Saharan Africa	22	28	29	31	32	32	33	33
World	**457**	**435**	**462**	**513**	**533**	**557**	**583**	**586**

f=forecast

Source: World Bank, Remittance and Development Briefs. Brief 24 for 2012-2015; brief 19 for 2009-2011; and brie 18 for 2008.

The main recipient regions of international remittances, in value, are East Asia and Pacific and South Asia with the two regions combined receiving U$ 245 billion in 2013 or 55.7 percent of total remittances to developing countries in that year.

<u>The Main Determinants of International Migration</u>.

Research on international migration has identified the following driving forces that involve economic, social and policy variables; some of these factors are of a long-run nature, while others are more cyclical (Solimano 2010):

(i) Developmental gaps and wage differentials between sending and receiving countries;

(ii) Degree of unemployment and informality in labor markets in the sending and receiving nations;

(iii) Cross country differences in the phase of the economic cycle;

(iv) Family and social networks that share information on job opportunities in the country of immigration;

(v) Migration policies, including incentives and restrictions to the international mobility of people of different skills;

(vi) The cost of migration (distance, cost of traveling, legal costs, search costs);

(vii) Differences in the quality of cities and availability of social services to migrants and their families in receiving countries.

Migration theory predicts that economic migrants will generally move from lower wages countries to higher wage countries. International wage gaps are closely correlated with differences in income per capita levels across nations. Then migration flows are affected by development factors and at the same migration affect development through effects on wage levels, investment, savings and productivity in sending and receiving countries. In addition, the synchronization (or lack of it) of economic cycles among nations will influence the direction of international migration flows. We can expect that people will leave (emigrate from) countries experiencing a recession and/or a slowdown of growth and immigrate to countries enjoying economic prosperity. Also the level and composition of migration (skilled versus unskilled, entrepreneurs, talent, workers, students) will depend on the type of migration policy a country has in place (special incentives to skill migration, availability of working and student visas and so on). Other factors such as the size of migrant communities (network effects) and the amenities and social services in receiving countries also drive migration flows. Summing-up, south-north economic migration is driven, largely, by wage differentials, the state of the business cycle and the other factors listed above; in turn, wage gaps may be comparatively less important in south-south migration. This type of migration is influenced also by factors such as closer geographical proximity, cultural similarity and the existence of more open migration policies compared with the migration regimes prevailing in high income nations. This set of determinants are also relevant for explaining the international mobility of talent as we shall see below.

The International Mobility of Talent

The international mobility of talent (people with high skills, special knowledge and high-value abilities) across countries and world cities is an important component of the international migration process. Although the size of talent mobility is not particularly large its development impact can be important and is connected with the transfer of human capital, knowledge generation, fresh capital and other attributes that are critical for economic development. The global talent pool is a segment composed by a variety of individuals such as technology entrepreneurs, IT experts, scientists and scholars, international students, medical doctors, writers, artists and other creative people. The UNU-WIDER project identified the following typology of talent allocation:

(i) talent engaged in directly productive activities (managers, engineers, skilled workers),

(ii) talent devoted to scientific, training and academic endeavors in the university sector (scholars, academics and international students), and

(iii) talent allocated to the health sector and the cultural sector (medical doctors and nurses, writers, painters, singers).

Different patterns of talent allocation contribute to national development and life enjoyment through different mechanisms: high-skill migrants bring new ideas, knowledge, technologies, cultural traits and so on. This can enhance productive capacities in the host country, contribute to the development of the education sector and increase the degree of cultural diversity. The proportion of foreign-born people with tertiary education, is often used as a (imperfect) proxy for measuring talent and high skills migration. [4] Using this metric, it is estimated that near 25 million people (c.2010) can be classified as high-skill or talent migration (around 10 percent of total international migration). This is only a crude approximation as some very talented people do not enrol in university studies. Talent migration is largely concentrated in OECD nations or the "global north": they come as foreign executives of international corporations, engineers and technical IT staff, financial experts, medical doctors, architects, foreign students, people linked to the cultural sector and so on. From the viewpoint of source nations this has, historically, been a permanent source of concern as they have invested in the education of their professionals that often leave home in search for better opportunities abroad. The loss of the contribution of professionals that emigrate permanently is certain but this effect tends to be ameliorated by return migration and by contacts between diasporas and nationals when these two features take place in practice.

The bulk of the international mobility of talent nowadays is between advanced economies (i.e. from/to Europe and the US, and Australia, New Zealand and Japan). The high concentration of talent in the global north may be counteracted by the more rapid pace of medium run economic growth in the global south due to convergence and catch up effects tilting at the margin the direction of the flows of talent towards southern destinations.[5]

A growing component of talent mobility in the university sector is *international students,* defined as those who go to a foreign country for the purpose of

[4] This is not, however, an exact proxy for talent mobility is the case of entrepreneurs that belong to the productive talent pool but that do not all entrepreneurs have tertiary education. A similar remark could be extended to some forms of cultural talent.

[5] A potentially important consequence of the partial exodus of talent from rich countries at times of crises accompanied by policies of talent retention and talent attraction in the global South, is the impact of these processes in eroding the technological superiority of high-income OECD countries in the medium run.

studying. [6]The number of international students worldwide increased very rapidly from 2.1 million in 2001 to 4.5 million in 2012.[7] The OECD is the main area of destination for international students and accounted for 75.5 percent of the total number of foreign students in 2012, with the United States and the United Kingdom being the two main recipient countries. [8] This percentage was 80 percent in the mid 2000s suggesting that universities in non-OECD countries are also becoming attractive places for international students. A significant proportion of foreign students engaged in tertiary education in OECD countries originate from Asia, particularly from China that accounts for 22 percent of the total of international students and growing, followed by India and Korea. From Europe, France and Germany stand as the main source countries of international students.

Global Circuits of Talent Mobility

The international mobility of talent can be conceptualized as a circuit, a market or a process. These concepts are not necessarily exclusive. We can identify five "circuits" in which talent mobility is engaged:

a) The international corporate sector chiefly comprised by multinational companies and international banks (CEOs, managers).
b) The independent private sector (professionals, experts, cultural workers).
c) The academic sector-universities (scholars, scientists, international students).

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[6] Sometimes, the term foreign students is used to denote people that is abroad and may decide, once they are there, to study in the foreign country of residence.

[7] OECD (2015).

[8] The share of international students in the United States (16.4 percent in 2012) and the UK (12.4 percent) are the largest in the world but the US share has been declining in the period 2000-12 and the share of the UK has increased over the same period. The share of foreign students grew in Korea, New Zealand, Australia, Italy, the Czech Republic among other countries in this period.

d) The international public sector (UN, World Bank, OECD, IMF, etc.).

e) The global civil social society (Foundations and NGOs).

Managers, financial experts and human resource specialists that belong to multinational corporations move across countries within the corporations through the modality of intra-company transfers (ICT). The main destination for ICT within the OECD is the United States followed by the UK and Canada. Between 2007 and 2014, total ICT destinations in the OECD have grown by 25 percent (OECD, 2015). In contrast, independent professionals (architects, medical doctors, etc.) move to other countries to pursue their careers without the protection of a multinational corporation. Service providers (e.g. in the IT and medical sectors, in construction, finance and other activities) are often hired by companies in the origin countries rather than in the country in which the service is rendered.

Universities and research centers in the north are increasingly employing foreign scholars and academics and their importance in the faculties of universities of several high-income OECD nations is growing. The international tertiary sector provides a vehicle of migration for researchers, scholars and foreign students that decide to pursue their training and academic careers outside their country of origin. Also the international public sector composed by organizations such as the United Nations, the IMF, World Bank, the regional development banks, the OECD and other – whose headquarters are located in the north— often provide well-paid jobs along with other benefits for professionals and experts. Professionals from developing countries and emerging economies find these positions attractive and, therefore, pursue their careers in these organizations. A side effect, perhaps un-intendedly, is for these organizations to foster a degree of brain drain of professionals from developing countries. Of course, for the origin countries to retain their valuable professionals they must offer them attractive career opportunities and not just blame international organizations for the fact their professionals leave. In addition, there is a plethora of international NGOs and the foundations sector, sometimes called “global civil society”. To cite some: Ford Foundation, Soros Foundation, the Gates Foundation, the International Red Cross, Doctors without Frontiers and several others. These organizations provide employment opportunities to professionals, volunteers, international students from the south although often offering less generous packages than those offered by international financial institutions. Finally, a growing modality of international temporary employment is the *working holiday program* system, which is oriented to the youth. This program and concomitant visa system are valid for one to two years and have been implemented, mainly, in Australia (the main recipient in the OECD area) along with Canada, New Zealand and other countries.

Another important modality of mobility of qualified human resources is composed by foreign *medical doctors and nurses*. As of 2011, near 22 percent of total medical doctors in OECD countries were foreigners and 14.5 percent of the nurses came from non-OECD countries. In total, the percentage of medical doctors and nurses grew by 60 percent in the last 10 years (OECD, 2015). The United States is the main recipient of medical personnel followed by the UK and Germany with an increasing number going now to Australia, Canada, Ireland, New Zealand and Switzerland. The main supplier of doctors from the developing world is India and the main provider country of nurses is the Philippines, with China, Pakistan and Vietnam also increasing their supply of health workers to other nations. According to the Wealth Health Organization (WHO), the health personnel working in OECD countries represent near 20 percent of the health supply needs of the source countries while in 2001 that percentage was 9 percent in 2000/2001, suggesting that the international mobility of health professionals to OECD nations can, also, *aggravate* health shortages in origin countries in the developing world, particularly those facing health crises and internal under-supply of medical doctors and nurses.

The International Market for talent

Economists often stress the mechanism of supply and demand in the allocation of resources. The market mechanism, in turn, overlaps with the international circuits of talent mobility just sketched. As already said, the *demand for talent*, coming from the private, academic, public and non-for profit sectors, is predominantly located in the global north as the headquarters of multinational corporations, international organizations, the best universities and international foundations are located there (mainly in the United States and Europe). In turn, the *supply of talent* is increasingly coming from the south often from big countries with good quality universities such as India, China, Taiwan, Russia, Argentina, Chile, Brazil and other nations. There is a constellation of factors that attract talent in the north such as as higher pay structures, more resources for research in universities, a greater critical mass with whom talent can interact with in their creative processes. In addition, countries such as Canada, Australia, New Zealand, Singapore and others offer special visas to foreigners that bring capital, special skills and outstanding abilities. This may take the form of a point system in which applicants are sorted out by their academic degrees, jobs experience, language and other attributes deemed useful by the host countries.

Developing countries can device similar visa instruments for attracting high skilled migrants in the so-called "global war on talent". Complementary to visa mechanisms for foreign talent, a very relevant option is the mobilization of migrant diasporas in which communities of nationals living abroad for some time have accumulated a host of qualitative and financial assets such as commercial, investment and academic contacts, fresh capital, savings and productive experience and that can be mobilized for national development of the origin countries through an active policy of engagement and attraction of these professionals led by governments of the origin countries. Such initiatives already exist in several countries but they can be boosted and improved.

Migration, Capital and Technology

Another important subject is the relationship between the international mobility of talent and the mobility of cooperating factors such as capital and technology. A first question is whether these three factors move together or, in opposite directions, across countries. Does capital and technology chases talent? or rather talent chases capital? These are important questions from the viewpoint of the geography of international development. We may think of Microsoft setting operations in Bangalore, India, to make productive use of local talent, that is cheaper (and of good quality) than in the US and Europe. Alternatively, Indian IT experts may decide migrating to Seattle in the US. In the first case capital goes to where talent is located while in the second case talent goes to where capital and jobs are centered.

The international and historical evidence on which modality prevails offers a mixed story. The United States since at least the 19^{th} century received large numbers of migrants of various education levels, including what can be considered today the equivalent of top talent. Regarding its net position in terms of capital inflows and outflows, the US , after being a net exporter of capital for most of the 20^{th} century, became,, in the 1980s a net importer of foreign savings and capital, running persistent current account deficits in its balance of payments with the rest of the world. So the country has experienced two regimes of factor mobility in the time span running from the 19^{th} century to the early 21^{st} century: (i) one regime up to the 1980s in which the United States has been both an *importer* of labor and, to some degree of entrepreneurial capacities and a *net exporter* of capital and then (ii) a second regime since the 1980s in which the U.S. becomes, simultaneously, *a net importer* of capital, talent and workers, say an absorber of the three resources to support domestic consumption, growth and development .

In the developing world, Argentina, is another case of an economy that switched its regimes of international factor mobility over time: in the late 19th century and early 20th century the country *imported both* financial capital and human capital but in the last decades of the 20th century and early 21st century it *exported* both resources due to recurrent economic crisis, political instability and authoritarian regimes (these cycles have also been intermingling also with periods of inflows of financial capital and human capital).[9] Summing-up, the joint mobility of capital, talent and workers across cities and nations is a complex process and several configurations of export/import of capital and talent are possible over time depending upon varying economic and political circumstances prevailing at home and abroad. These changing circumstances affect opportunities, returns and risks that are critical to attract (or repel) talent and capital from different parts of the world. It is apparent that a universal pattern of resource mobility valid in all circumstances simply does not exist.

The value of talent and the cost of education

The economics of talent and super-stars highlights the potential, in modern capitalism, for discrepancies between the *private and social value of talent,* a consideration also relevant for international migrants. In fact, currently, we probably face an excess concentration of talent in activities such as mass entertainment (TV, movies), sports and also the financial sector that offer very lucrative paying opportunities to talent engaged in these activities. Some of these markets display features of *winners-take-all markets* in which one or two players receive the big prize and maximum rewards in their activities. This big

[9] Solimano (2003).

prize, however, tends to attract an excessive amount of talent (in terms of sustainability) in the expectations of being the winner. The expectations of monetary success in finance, sports and entertainment can be disappointed as participants, lured by the prospects of good money and fame, tend to *underestimate* the fact that other participants also want the big prize and therefore the "objective" probability of getting it could be, in practice, rather small. This is typically the case in commercial sports and entertainment.

The financial sector and big corporations are also a source of high profits to owners and investors and generous compensation packages for senior managers. Since the 1980s CEO's and other top managers mainly (but not only) in countries such as the United States and the United Kingdom, have managed to receive very lucrative compensation packages following the quest of board of directors to enhancing "shareholders value" as the main goal of their companies.[10] [11]

The expectation of high pay after graduation in certain activities attracts a large number of talented students (nationally and internationally) that seek to get a degree in finance, a Master in Business Administration or a law diploma in a prestigious university. These degrees are expected to enable them to make a career in big corporations and major banks, enhancing the probability of receiving these big compensation packages. This reality of mega-compensation for CEOs and high salaries of lawyers and financial experts tied to the corporate sector is in stark contrast with the much more modest material conditions faced by school teachers, medical doctors and others engaged in activities that have a

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[10] Between one-half to two-thirds of the total CEO compensation corresponds, nowadays, to stock options, profit sharing, perks and super-generous pension plans in order "to align" the incentives of super-managers with those of the owners and employers. In contrast, before the 1980s most of the compensation of corporate executives corresponded to fixed salaries and the income of CEO was not that directly linked to the remuneration of capital.

[11] *Average* total CEO compensation for big corporations/banks can be c.2013-14, between 5 to 10 million dollars per year in the US and the UK, more than 100 times higher than the average salaries of middle rank employees and routine- task and shop floor workers, (Solimano, 2016, chapter 5).

high *social value* such as public education, the health sector and other services delivered by the public sector and no-for- profit agencies. In these entities, the norm is that remunerations are not spectacular (can be modest in developing countries) and therefore they may fail to attract an adequate amount of talent to activities with a high social value. These differences in remuneration levels between entertainment/commercial sports/finance on one hand and public education/public health/public services on the other also matter for the attraction of foreign talent and its corresponding allocation, within the receiving country, between high pay/high rent activities and modest pay/high social value sectors.

A second question is the extent to which higher education pays in the sense of compensating for the direct and indirect costs of acquiring education? This is certainly relevant for the international mobility of students as top foreign universities are becoming increasingly expensive in terms of tuition and fees. The theory of human capital posits that students will select the university career in which the (private) rate of return is higher than in other careers (higher future income profile than competing options). Other theories view education as a *signal* of individual capacities and abilities. The issue of whether higher education is worth the direct cost of being in a university (tuition and fees) plus the opportunity cost of studying than working varies according to careers and preferences. In the case of highly successful entrepreneurs this cost-benefit calculation can be very relevant as prime time devoted to study may have a large opportunity cost for them in terms of energies that could be devoted to set-up and develop new profitable business investments. Actual examples of highly successful entrepreneurs illustrate the point. Bill Gates was a Harvard drop-out that left his university studies to develop and commercialize new operating systems and the personal computer. In turn, the creators of Google, Larry Page (American)and Sergei Bin (Russian) abandoned their Ph.D. programs at Stanford University to fiercely pursue their search engine—Google -- that was a technological breakthrough and that also made them billionaires. One wonders if a more conventional university career would have led these technological entrepreneurs to get their technological breakthroughs and ample monetary success? In the above examples *not* pursuing higher education was, probably, the right decision for them. The case is, of course, different for other graduate students in fields such as physics, chemistry, medicine in which a university degree is essential for undertaking a successful professional and academic career career in these fields.

Development Implications of Talent Mobility.

The costs and benefits of the international mobility of talent and human capital varies by the type of talent that moves across nations. The mobility of entrepreneurs may be a win-win situation for sending and receiving countries if not only the receiving country benefits but also the sending nation from access to new markets, new technologies, and contacts associated with the outflow of some of its national entrepreneurs to more advanced countries provided these entrepreneurs remain engaged with their home country through investment and mentoring activities. The emigration of professional and technical personnel may entail, initially, a brain drain cost for the origin country. Nevertheless, this cost this may be compensated, at least partially, by the inflow of remittances and access to new knowledge generated abroad and by the contacts these professionals can develop outside their home country. The outflow of scientists and scholars can be costly for the sending nation if the best and the brightest (scientists, university professors, and scholars) leave their home country permanently: in this case, the amount and quality of research and education at home is bound to be affected adversely by this outflow. However, if the academics and scientists remain connected with their home country through teaching and joint research initiatives, then there can be win-win effects of this mobility for both receiving and sending nations. As discussed before, a main vehicle of international circulation of talent is the mobility of foreign students and this can be an important boost for national development in the origin country but a degree of return mobility is needed for the education acquired abroad by the students be transferred to the home country . The persistent emigration of medical doctors, nurses, and other health-care workers from the Caribbean, from nations in Sub-Saharan African, the Philippines, and other developing countries is more problematic as these outflows can severely strain the health sector in low to middle-income origin countries affected by AIDS epidemics, malaria, and other diseases, particularly in low income nations. The diminished availability of health professionals because of emigration can only exacerbate these public health crises at home. This reality highlights the conflicts between the private interests of health professionals (their pay and career opportunities) and the social needs of the health sector in the home countries.[12]

4. Migration, crisis, stagnation and inequality

Since the crisis of 2008-09 several advanced economies and countries in the "periphery" of Europe fell in a period of stagnant growth and diminished potential output. Less skilled immigrants in high-income OECD economies are often concentrated in sectors such as construction, hotels and catering activities. They have been hit hard by the crisis and ensuing stagnation trap. According to the OECD, in the United States, in the period 2007-14 around 480,000 jobs in the construction sector were lost for immigrants compared with a loss of 1.7

[12] Some receiving countries have reacted to this reality by putting "negative lists" of health professionals coming from certain developing countries that they do not want to encourage their medical doctors and nurses to leave. Of course, the cost of these reactions fall on these very professionals that are prevented to work in certain destination nations that offer attractive professional opportunities for them. Other possibility is for receiving countries to donate hospitals and finance fellowship to health workers in the third world to mitigate some of the costs of the outflow of professionals in the health sector.

million for native-workers. For European OECD countries near 600,000 construction jobs were lost for migrants against 3.4 million for native-workers (2008-14). Nevertheless, in the sub-period 2011-14 the incipient recovery of economic activity also led to some recovery in job creation in the construction sector and other activities. In the United States, employment for migrants increased by more than 15 percent in construction, professional and technical services and health care sectors in the period 2011-14. Finance, accommodation, real estate and public administration also registered relatively robust employment recoveries that were available for foreign workers. In contrast, the manufacturing sector, agriculture and trade experienced negative employment growth. In Europe, in the post-2008 period, the most dynamic sectors in terms of job creation for foreign workers were computing, consultancy and related services, social work activities, health and education with manufacturing, construction and finance remaining very weak and experiencing job contraction (OECD, 2015).

A discussion has emerged on the extent to which we are witnessing a permanent deceleration in economic growth in advanced capitalist economies, a traditional destination place of migrants coming from the developing world. According to the *new secular stagnation hypothesis* (Summers, 2014) that carries a Keynesian flavor to it, this is so because of the lack of aggregate demand and the difficulties to equate savings with investment at positive real interest and full employment. Summers adds that this configuration of macroeconomic equilibrium must take place also under a reasonable degree of financial stability, say to avoid the sort of asset price bubbles that led to the financial crisis of 2008-09.

In turn, supply side views (entertained by US economist Robert Gordon and others) agree with the notion that economic growth in the years ahead is bound to be lower than in previous decades in countries such as the United States and European nations; nevertheless they do not look at the savings-investment balance of the macro-economy but pinpoint to the effects of factors such as demography, inequality, lagging education attainment and weak spillovers from technological change in impairing future growth. This is bound to affect migration to rich countries as slower growth, implies weaker employment creation open to immigrants and less buoyant salaries, which are critical considerations in the decision to migrate to these nations. However, the migration decision, as we saw, entertains a comparison between jobs and salaries in the source and destination countries and therefore the decision to migrate to the countries of the global north will also depend on growth, employment and security prospects in the home nation. For example, economic growth in the BRICS and in other economies of Latin America, Asia and Africa is slowing down since 2013 and in some have turned negative in 2015-16 . This is bound to create incentives for some emigration from these regions to the global north and/or to emerging economies less affected by the economic slowdown. A critical consideration will be the ability of the labor markets in destination countries to absorb new migrants. In addition, as already mentioned, the massive inflow of refugees from conflict-ridden nations in North Africa, the Middle East and Ukraine put an additional pressure on receiving countries.

In the medium run, economic migration will largely depend on the differences in growth rates between the global north and the global south besides differentials in the *levels* of real wages and per capita incomes across nations. Table 4 shows the GDP growth rates from 2000 to 2015 for advanced economies (global north) and emerging economies and developing countries (global south). As it can be expected due to convergence mechanisms and catch-up factors GDP growth in the global south is systematically higher than in the mature economies of the north. These differences intensified further between 2007 and 2013. In fact, average growth in 2007-2009 was -0.16 percent for advanced economies while average growth in developing countries and emerging economies was 5.9 percent. However, since 2013, the growth gap between developing and developed countries narrows–down (see table 6).

Table 6 GDP growth in advanced economies (global North) and emerging economies and developing countries (global South) 2000-2015.

	GDP in constant prices (percent change)	
Year	Advanced economies	Emerging market and developing economies
2000	4.07	5.83
2001	1.53	3.80
2002	1.73	4.53
2003	2.13	6.42
2004	3.22	7.50
2005	2.74	7.25
2006	3.09	8.17
2007	2.75	8.68
2008	0.18	5.83
2009	-3.42	3.13
2010	3.09	7.45
2011	1.70	6.32
2012	1.19	5.21
2013	1.14	4.98
2014	1.83	4.63
2015	1.98	3.97
2000-2008	2.38	6.45
2009-2015	1.07	5.10
2000-2015	1.81	5.86

Source: IMF, World Economic Outlook, October 2015.

Economic and financial crises and their aftermath can affect migration flows through three main channels:

(a) a reduction of growth, employment and real wages that reduces the incentives for immigration to receiving countries affected by economic crises or secular stagnation,

(b) a rise in return migration and

(c) a slowdown in the level of remittances that migrants send back home.

Regarding the remittances channel, as table 7 below shows the rate of growth of remittances fell in 2008-2010 to recuperate in 2010-2012 and slowdown again in 2013-2015 (in levels, remittances increased from an average of U$ 327 million in 2008-2010 to U$ 431.3 million in 2013-2015).

An additional effect of the 2008-09 crisis is the *outflow of professionals* from advanced countries to southern destinations (north-south migration). A case at hand is outmigration of Spanish professionals[13] heading to South American countries (Chile and Argentina have been two main recipient countries since around 2009). Of course this Spanish immigration to South America may slowdown if the the destination countries growth more slowly and job opportunities for foreigner decline.

Table 7. Remittances to the Developing countries, 2008-2015

	Rate of change, %	Millions of U$
2008-2010	6.6	327.0
2010-2012	8.6	375.0
2013-2015	3.0	431.3

Source: Elaboration from World Bank data.

An important theme refers to the links between inequality and migration. In general, immigration tends to amplify *internal* inequality in recipient countries between capital and labor by increasing the supply of labor and therefore moderating the growth of wages. At the same time, international migration can

[13] The outflow of professionals also has been present in Greece, Italy and other austerity economies.

reduce *international* inequality through a tendency to equalize wages across countries (or at least reduce wage gaps across nations). Historically, the trend towards wage convergence was important at the turn of the 20th century -- an era of massive, unrestricted migration between the old and new world – but later on throughout the 20th century and in the early 21st century as migration flows became more regulated and less massive, in terms of ratios to total population, these tendencies have abated or operate in some specific segments of the international labor market.

5. Forced Migration and Humanitarian Crises

Unlike economic migration in which people move from one country to another, chiefly in response to (expected) medium term earnings differentials and better job prospects abroad, in the case of forced migration people leave their home country because they are "forced' to do so. The "pushing factor" can be an internal armed conflict, religious and ethnic persecution, a natural disaster or another violent or destabilizing factor (an economic crisis would fall in the realm of voluntary, economic-led, migration). Forced migration often takes three main forms: (i) internal displacement, (ii) refugees, and (iii) asylum seeking. In late 2014, forced migration reached unprecedented levels not seen since World War II with more than 60 million people displaced from their home countries worldwide. Main sending countries, affected by conflict, are Syria, Libya, Eritrea and Ukraine. Of the 60 million, near 38 million are internally displaced, around 20 million refugees and 2 million asylum seekers (UNCHR, 2014). In turn, Turkey, Lebanon, Jordan and Iraq have been the main recipient of migrants from North Africa and the Middle-East followed by several European countries. The situation aggravated in 2015 with near 750,000 migrants having arrived by sea following the intensification of conflict in Syria and Libya and in other countries in sub-Saharan Africa. According to Eurostat, near 700,000 migrants have presented asylum claims in the EU. Germany, by the end of October of 2015, has received 331,000 asylum requests and Hungary 142,000 as this country is in the transit route to Germany and Sweden, the two countries seen as preferred destinations by the refugees coming through Greece and the Balkans. The arrival of refugees in big numbers pose immediate as well as medium run logistic, economic and political challenges for the recipient countries. Providing basic shelter, food and more permanent housing accommodation for the arrival of hundreds of thousand people from different nationalities, with a variety of cultural background, languages and aspirations has been a first task. Then, if the migrants are to stay, receiving countries face the challenge of providing jobs for the migrants (in many cases of people with different languages than those of the host country, besides skills issues) , and education to the children of the migrants besides the need of training in the local language and the local culture. The need for training of the new migrants in terms of skills and various r job qualifications is urgent and will matter greatly for the integration of the migrants in the local labor markets. Also there is the serious risk of creating large ghettos communities of marginalized and excluded foreigners.

The provision of asylum status entitles the migrants of equal rights and access to the same benefits of native citizens with the ensuing fiscal implications. In addition, the politics of immigrant absorption in advanced economies with the rise of anti-migrant parties and nationalist sentiment threatens to undermine the prevalence of views favorable to economic openness, globalization and social solidarity affecting immigrant's possibilities of successful economic and social integration into their host countries.

6. Concluding thoughts on the future of migration and development in an uncertain world

In line with the analysis of the paper we can speculate on the future of economic and humanitarian migration and their links to the development process. The current constellation of economic and geo-political factors is particularly complex and rapidly evolving. The macro economic and labor market environment in advanced economies of the north, that have traditionally absorbed migrants from developing nations and post-socialist countries, is likely to be shaped by the prospects for "secular stagnation". In a sluggish economy the attraction of migrating to the economies of the global north is diminished as the pace of job creation is bound to be low, although sector differences exist (faster job creation in IT-related activities and services than in construction and manufacturing). Migration is bound to continue provided migration policies do not become too restrictive in high-income nations affected by stagnation traps and nationalist sentiment.

Over time, however, convergence and catch up effects should *reduce development gaps*, dampening south-north migration; in fact, as shown in this paper recent migration figures show that south-south migration is already starting to surpass south-north migration: both cyclical factors (crisis and stagnation traps in the north) and the convergence mechanism seem to account for this trend.

As the data explored in this paper show, there are important differences in cross regional migration patterns. In Latin America and North America the dominant pattern of migration is extra-regional while in Asia and Europe the dominant pattern is intra-regional migration. The composition of migration between less-skilled migration and talent migration is relevant. Less skilled migrants tend to go to the construction sector of recipient countries, restaurant, home services, gardening and cleaning activities. In turn, high skills and "talented" migrants are often directed to managerial positions in corporations and banks, to the tertiary education, the health sector, IT activities and to creative industries. The period of stagnant growth in OECD recipient countries have affected differentially various sectors of the economy in the US and in Europe. The construction sector has been hit hard in "austerity countries" such as Spain, Ireland, Greece, Portugal, therefore it becomes less an attraction pole for less skilled foreign migrants. Similar trends have been observed in the US and the UK although probably will less severity than in austerity countries. It seems that stagnation traps and financial fragility, however unpleasant and costly, they do not seem to have paralyzed the incessant process of innovation and new product development that is at the heart of the capitalist production process. This has obvious implications for the immigration of talent into the IT sector, higher education and knowledge-intensive activities that keep attracting a variety of foreign talent spanning from software developers, technical staff, scholars, international students, financial experts and so on. This trend of talent migration is probably bound to continue in the future and even accelerate as in the case of international students, medical doctors and nurses and IT experts. The rate of immigration of medical doctors coming from India, nurses from the Philippines, and health professionals from the developing world going to OECD countries increased at a fast pace in the last 10-15 years (since the early 2000s) and show no signs of slowing-down in the years to come. This movement of health professionals contributes to reduce human resource shortages of the health sector in the global north (strong poles of attraction are hospitals and clinics the US and the UK). Moreover, it also leads to economic and professional gains to the foreign health professionals that migrate. The other side of the coin is, however, that these flows tend to aggravated shortages of health professionals in origin countries. Finally, humanitarian crises are becoming a central focus of attention in a world affected by an increased frequency and severity of armed conflict, terrorism and violence in specific areas such as North Africa, the Middle East and other places. The number of refugees has skyrocketed in the last few years reaching levels unseen since World War II. The ability and willingness of advanced economies along with other recipient nations such as

Turkey, Lebanon, Jordan, Iran to absorb very large flows of refugees and provide them stable jobs and facilitate their civic and cultural integration to the host nation is a main challenge. For the global community this will be a test of the endurance of the values of international solidarity and more inclusive and peaceful development.

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