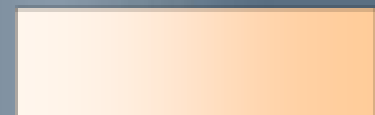
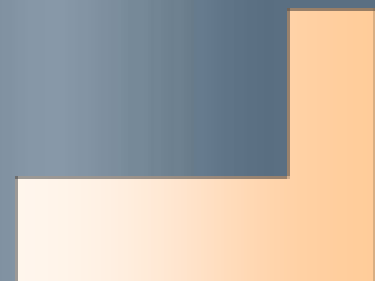
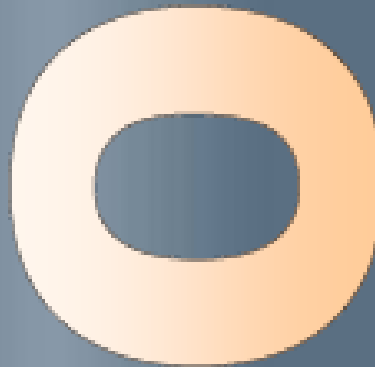


**Migration and Democracy: Issues
for Latin America and Europe at
times of Global Recession.**

Andrés Solimano¹

February 25, 2009

¹ Paper prepared for IDEA _international.



The Latin American and Caribbean region (LAC) is, currently, a net exporter of people to the rest of the world as its levels of economic development, job opportunities and economic prospects lag from other more prosperous regions of the world. In the last 25 years or so several countries in the LAC region undertook policies to stabilize and reform their economic structures and build western-style representative democracies that would put their economies in a path of prosperity and democracy. Reform had the objective to depart from a history of chronic underdevelopment, recurrent economic crisis, authoritarian politics, fragile democracies and populism. The results of the economic reforms of the last quarter century are mixed. More progress has been attained in economic stabilization (lowering inflation, improve fiscal positions, reduce external debt) than in achieving steady growth and lessening inequality and social exclusion. In turn, democracy has, on the whole, consolidated in most of the region but its potential fragility should not be discarded a priori. The inclusion of ethnic minorities, boosting popular participation in decision-making, the end of violence, crime and drug trafficking are among the critical challenges faces by several LAC democracies nowadays.

The economic relations between the European Union and Latin America have increased in recent decades but overall integration is still of a rather uneven nature. In fact, goods and capital face more friendly regimes than people in their international mobility among the two regions. Moreover, capital and people move in opposite directions: capital goes, dominantly, from Europe to Latin America but people move in the other direction: from Latin America to Europe. Latin American governments have opened their internal markets to trade and natural resources, banking services, public utilities, and manufacturing to European foreign investment. In turn, European labor markets have been receiving increasing flows of Latin American migrants in the last 10 to 15 years. The less skilled migrant tend to concentrate in the construction sector, services, and agriculture. Professionals in turn go to the health sector, academia and to some

extent, to the knowledge economy. However, the legal status of an important segment of this migration (particularly the less skilled) remains feeble and subject to the reversal of fortunes associated with the current economic downturn in Europe and changes in political sentiments towards immigration. In the 2000-2008 main sending countries have been Ecuador, Colombia and Argentina. The main recipient countries of immigrants from Latin America are Spain, followed by the United Kingdom, Italy, Germany and others. The socio-demographic composition of emigration from LAC to Europe shows increasing presence of women and youth at working age; the degree of education of the migrants is often above average levels of the sending nations, although many immigrants coming from these countries are considered as unskilled-working class in the recipient economies.¹

Some of these immigration trends from LAC to Europe of the 1990s and early 2000s may change with the current global economic crisis. Recipient countries such as Spain the UK are experiencing a severe slowdown in the construction, a main employer of immigrants. Getting jobs for foreigners (and nationals) is harder now compared with the recent past and return migration is a real possibility for many. In 2008 the EU issued an immigration directive that called for tough restrictions to irregular (undocumented) migration from Latin America; this directive includes detentions and deportation as enforcement mechanisms, a policy move that led to a critical reaction at senior political level in Latin America. Spain, however, started through the Ministry of Labor and Immigration started in 2008 a more benevolent approach of subsidy to voluntary return migration for legal immigrants that includes the provision of free-tickets for the immigrant and their families along with the payment of unemployment –subsidies (60 percent of it is paid when the immigrant is in his home country); in exchange for this the immigrant agree to resign to their work permits and residence and not to return to Spain for at least three years.

A tightening of restrictive migration policies in destination countries, including policies of forced repatriation of immigrants, would compound the internal economic and political management problems of sending countries in Latin America and may bring an element of tension in international relations. In effect, migration restrictions and the encouragement to return-migration stifle the “valve of escape” mechanism provided by migration to face economic slowdowns or crisis. Although the stability of democracy in Latin America looks as apparently

¹ Migration from Argentina and to some degree Colombia include an important share of professionals and people with higher education whereas emigration from Ecuador is constituted by people with a lower degree of formal education.

unaffected by these developments, in the short run at least, over time the combination of economic recession and curtailed migration can create socially destabilizing forces that renders democracy fragile in a continent with a still short history of democratic consolidation. The threat of neo-authoritarian populism and swings in the opinion polls away from democracy, are worrisome trends in Latin America.

This article discusses various links between migration and democracy and explores ways to structure constructive approaches that addresses, jointly and cooperatively, the concerns on democracy, economic integration and the governance of migration flows between the two regions. This approach must be in line with the spirit of an open international economic system without obvious asymmetries in factor mobility that can impose welfare costs to both sending and receiving nations. To get a better long run perspective of these issues we start with a brief historical overview of the direction and magnitude of migrations flows between Latin America and Europe; then we turn to a discussion of the conceptual and empirical links between migration and democracy, an admittedly new subject of which little academic and policy research exists, but whose practical importance is of growing importance. Then the paper highlights how the current global slump may encourage economic nationalism and protectionism in international labor markets that ultimately will do harm to immigrant-receiving countries, complicate crisis management in sending countries (while apparently “facilitating” crisis management in recipient countries). We close the paper with some recommendations for modern, efficient and equitable governance of migration flows in the 21st century for both Europe and Latin America.

2. Brief Historical Overview.

Historically, Latin America was a net recipient of European migrants that considered Latin America as a “land of opportunity”. From the mid-19th century until the early decades of the 20th, countries such as Argentina, Chile, Brazil, Mexico, and Uruguay received significant contingents of immigrants; Argentina, in particular, was the main destination country for European immigrants with about 6 million people coming primarily from Italy and Spain and also from Nordic and Eastern European countries. In addition to people, these countries received capital and direct investments, primarily from England and Germany, the two leading world financial centers until

the 1920s. Thus, both labor and capital flowed to Latin American countries at the end of the 19th and the beginning of the 20th centuries in search of the good employment and investment opportunities offered by the region.² This situation, however, did not last forever and massive immigration from Europe continued only until the late 1950s and early 1960s when it virtually stopped. In fact, during the final decades of the 20th century, South America on the whole became a continent of *net emigration* to Europe reversing the direction of migration prevailing from the late 19th century to the first half of the 20th century. Interestingly, in the mid-20th century, per capita income gaps still continued to be favorable to such countries as Argentina, Chile, Uruguay, and Venezuela in relation to southern European countries and some Scandinavian nations; for example, in 1950, the per capita income of Venezuela was higher than in Sweden, now one of the wealthiest countries in the world. In contrast, Venezuela has remained in the group of middle-income countries, this despite its impressive oil wealth (see Solimano, 2009, chapter 5).

However, later on, during the second half of the 20th century we witnessed a reversal in the developmental gaps (e.g. differences in per capita income levels) between several of the most advanced Latin American countries and the southern and northern European countries: the development gaps turned *against* Latin America. This process accelerated in since the 1970s, when the per capita income of Spain, Italy, and the Scandinavian countries surpassed the average of Latin America and that of its formerly leading economies. Consequently, economic incentives to emigrate, in big numbers, from Europe to Latin America practically disappeared. In turn, Spain and Italy became important destination countries for emigrants from Latin America, especially Argentines, Ecuadorians, and Colombians, when these countries suffered economic and political crises. In general, the emigration pressures in the Latin American region are related to the limited ability of the region to ensure steady growth, attractive jobs, good salaries, and opportunities for the population. Since the 1960s Argentina, which in the past had absorbed large influxes of immigrants from Europe and elsewhere in the world reversed its status as a magnet for European immigrants. Due to the collapse of democracy in the 1960s and 1970s and the repeated economic and financial crises that hit the country in the last four decades created an environment propitious for the emigration of the most mobile and educated people. In fact, Argentina has long been

² At the end of the “first wave of globalization” (around 1913), *average* per capita income in the countries of the southern and northern “periphery” of Europe (Italy, Spain, Portugal, Norway, and Sweden) was slightly higher than the *average* of the leading Latin American economies (Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay, and Venezuela). However, the wealthiest countries in the group—Argentina, Chile, and Uruguay—registered per capita incomes that exceeded those of Italy, Spain, and Portugal, the primary sources of immigrants to those South American countries.

suffering from the flight of its best and brightest—professionals, intellectuals, scientists, and entrepreneurs. The cost of this exit of qualified human resources on Argentine economy and society is still waiting to be assessed.

Additional pressures for emigration are exerted by poverty, income inequality, and labor-market informality.³ The level and persistence of poverty prompt people to seek better income and employment opportunities abroad; however, the empirical evidence shows that is not the very poor those who migrate the most. The region also continues to suffer from large income inequality and a skewed distribution of income and wealth. Several of the most important Latin American economies have a Gini index (that measures inequality of income) that exceeds 0.5. As a point of comparison, the average Gini coefficient of OECD countries is around 0.35 and the world average is around 0.4.⁴ Inequality reflects, among other things, a lack of ascendant social mobility and opportunities open to everybody, thus it can be considered as a *pushing* factor for emigration.

Another pressure for emigration from Latin America, very important for the topic of this paper, is related to the fragility of democracy in the region and the turn, in some periods, to authoritarian regimes. In fact in the 1960s and 1970s, Argentina, Brazil, Bolivia, Chile, Uruguay all experienced in those two decades the instauration of military regimes that repressed labor unions, banned left-wing political parties and were openly hostile to intellectuals and students in university. As a consequence of that waves of exile and emigration took place from these countries to different destinations both inside and outside Latin America. Chile for example saw a large increase in the emigration, reaching to more than 500,000 people in the 1970s after the ousting of the government of President Salvador Allende. Similar waves of emigration took place in Argentina, Uruguay and Brazil. The collapse of democracy in those years were often associated with a combination of internal economic crisis, increased social conflict and U.S tolerance (and in some cases encouragement) of right-wing military regimes in South America in the context of the cold war.

³ In Latin America, poverty in 2005 encompassed nearly 38 percent of the total population (about 213 million people), and “critical poverty” (indigents) comprised 16.8 percent of the population (about 88 million people), according to ECLAC.

⁴ The Gini coefficient goes from 0, a situation of “perfect equality,” to a value of 1, a situation of complete inequality.

3. Understanding the relation between democracy and migration in Latin America and the EU.

The previous discussion on migration patterns between Europe and Latin America suggest the influence of various factors that create both “pushing” and “pulling” factors that shape the direction, magnitude and timing of migration flows. The economic and social factors that determine migration include: (a) Developmental gaps and wage differentials across countries; (b) Degree of unemployment and informality in labor markets of the sending and receiving countries, (c) Incidence of financial crisis and the ensuing flight to economic security abroad, (d) Family and social networks, (e) Migration policies and restrictions to international mobility of people in recipient and sending countries, (e) The cost of migration (cost of traveling, legal costs, search costs); (f) Differences in the extent of human security and availability of social services to migrants and their families between sending and recipient countries;

Turning to the relation between *democracy and migration* we can identify the following mechanisms at work:

- (a) Given a set of economic incentives, democracy is a *pulling factor* for immigration. In general people will be attracted to *immigrate* to countries with *well-established and working democracies* in which human and civil rights are respected such as the right to personal integrity, voice, association, representation, respect for labor rights and religious beliefs.
- (b) In contrast, countries with fragile democracies, semi-democracies or downright authoritarian regime create incentives for people to *emigrate* (voluntarily and involuntary) as they may be subject to violations of human and civil rights, political, ethnic and religious persecution.⁵ In turn, civil wars, internal conflict, and ethnic and

5

Albert Hirschman, in his classic book *Exit, Voice and Loyalty* draws a distinction—useful to understanding the economic and political causes of immigration decisions—between purely economic choices and collective action. While *exit* is often an economic decision, *voice* belongs to the realm of collective or political action. It suggests that individuals who are dissatisfied or discontent with current political and economic conditions in their home countries, and where “voice” (political organization and collective action for change) becomes

religious persecution are obvious pushing conditions for migrants and create refugees and asylum seekers. Then authoritarianism and civil strife are pushing factors for emigration.

- (c) Emigration is often *a valve of escape* for people who are affected by economic and political crisis in their home countries. As mentioned before, these crises have been a frequent event in Latin America during the 19th, 20th and the early 21st century. Therefore, direct restrictions to immigration in destination countries will stifle the operation of this ‘valve of escape’. This may lead to mounted social pressure and protest as people don’t have the exit option open to face economic crisis, unemployment, financial vulnerability; these development can, in turn, undermine *the stability of democracy* in source nations.
- (d) In many recipient countries immigrants live in a precarious legal situation, with limited economic rights. This is often more relevant for *irregular migration* leading, de facto, to the formation of *a segment of second class citizens (often foreigners)* who have no regular migration status, that often work in the local labor markets without contracts, have limited access to social services, that face a weak respect for labor standards and no mechanisms of political representation.
- (e) Immigrants pose a dilemma for democracy in both recipient and sending countries. In fact, in many recipient countries immigrants have limited political rights and they do not participate in elections of authorities (except in the case of naturalized immigrants); in turn, in some sending countries immigrants are not entitled to vote in the national elections of the home country (e.g. the case of Chile).

Summing up, it is apparent that the relation between migration and democracy is complex and involve issues of recognition and enforcement of economic and political rights of immigrants. Moreover, the relation between democracy and migration is affected by the economic situation in

an *ineffective* expedient for change, may choose to exit their countries (that is, to emigrate). This shows a direct relationship between the emigration of nationals (and the repatriation of foreigners) and the existence of authoritarian regimes that suppress political rights and civil liberties. In a democracy “voice” can also be an ineffective mechanism for influencing social and economic change, and “exit“ (emigration) may be chosen by disaffected people.

the source and destination countries. Low levels of economic development and a high frequency of economic crisis can lead to *both* emigration pressures and eventually to a weakening of democracy. In the long run, factors related to disparities in development levels across countries also shape the direction of migration, as people tend to move from nations with lower to higher development levels. It is clear that, beyond the current slump in Europe, LAC countries are likely to keep sending migrants to EU countries as long as large development gaps persist among the two regions. At the same time, emigration should not be considered as a curse. Emigrants can also contribute positively to their home countries through the transfer of new skills, knowledge, fresh capital, experience and international contacts.

4. Issues and recommendations

Latin America and the EU face economic development and democratic challenges and migration can, if adequately managed, make a contribution to prosperity and democracy. Migrants provide fresh human resources for economies facing labor and skill shortages, low fertility rates and an ageing population. They are a source of economic growth in recipient countries. In Latin America migration has traditionally allowed to reduce pressures in the labor market at times of economic slack and structural labor surpluses. Now the current economic slack affecting Europe will probably make it more difficult for Europe to continue playing its role of immigrant-recipient region, at the pace of the last 10 to 15 years. The emigration of high-skilled, highly educated people remains as a somewhat controversial issue. The concern with high-skill migration is related to the issue of a “brain drain” for Latin America. In a dynamic perspective, new theories and empirical evidence point in the direction that the migration of entrepreneurs, professionals and international students can have a beneficial effect to both sending and receiving nations. However, the exodus of medical doctors and nurses from poor countries with critical internal health needs is a challenge for the sending nation and call for moderation and compensation by the receiving countries. In some the Caribbean countries, over 80 percent of the medical doctors are away working in countries different from their origin nations several. Some EU nations, such as the UK, are active recipients of health workers and professionals.⁶

⁶ IOM (2008) and Solimano (2009).

In general we recommend policies that encourage the international circulation and return of professionals and international students, allowing adequate staying periods in the destination countries. This will enable immigrants an accumulation of human capital and experience, certainly useful traits for their productive return home. Also we recommend cooperative policies between LAC and EU countries to foster exchange of scholars and scientists in both directions in university and research centers as well as the facilitation of entry and exit (e.g. through special visas) of technological entrepreneurs and highly qualified professionals.

Policies of *voluntary* repatriation of immigrants based on subsidies to return (by providing free air tickets, payment of unemployment insurance) are preferably to policies of forced repatriation. Spain is starting policies in this regard. In the case of irregular migration the issue is more complex and regularization alternatives proposed by the Global Commission on International Migration and other international forum must be examined with attention.

The current international economic scenario in the EU is likely to lead to further restrictions to immigration and the encouragement of return migration at least during the period in which recessionary impulses are strong. This stance may be understandable by the internal pressures in local labor markets affected by economic contraction, rising unemployment, a slowdown in wages but it will also have the effect of adding additional external pressures to economic management in Latin America as they reduce the scope for the “valve of escape” of migration and lead to lower remittances from Europe. The justification of “protecting jobs for nationals” amounts to protectionism in the labor market and we recommend resisting these protectionist tendencies in the job market.

Latin America faces a variety of challenges for making their democratic systems more inclusive, improve the rule of law, protecting ethnic minorities, give emigrants full political rights while abroad, and reduce crime and violence that in most of the region has been on the rise in recent years. In addition, drug trafficking in some countries such as Mexico and Colombia is a serious threat to the stability of their democratic systems. Migration pressures may or not coincide with these pressures for democratic reform. The EU can provide useful technical assistance, financial and political support in several of these areas related to improve governance in LAC and strengthen democracy.

Beyond the impact of the global financial crisis on EU and Latin American countries, the issue of migration has to be viewed in the long run perspective of enhanced international trade, capital flows and people's mobility between the two geographical regions. We recommend a coherent and consistent approach that treats symmetrically the opening of goods and capital markets along with the opening of international labor markets both in LAC countries and in EU nations. Currently the systemic is asymmetric and fragmented in various areas: trade in agricultural goods is more restricted than trade in commodities and industrial goods. Developed countries press for the opening of foreign investment regimes in the various sectors of Latin America but keep some heavy immigration restrictions at home and immigration regimes. Countries must avoid *unpredictable immigration rules* shaped by shifts in business cycles and internal political pressures. Dual labor markets --- in which national workers and legal immigrants work in the formal sector along with marginalized workers and irregular foreign immigrants in the informal sector -- are ultimately counterproductive for social cohesion. The current system of international factor mobility facilitates the movement of capital from north to south but restricts the movement of labor from south to north. Economic nationalism in labor markets will entail welfare costs for immigrant-recipient countries as it prevents the international movement of human resources in the global economy from countries with lower to higher productivity but low fertility rates, ageing population and labor and skills scarcity. We recommend including in an agenda of migration and democracy for EU and Latin American relations an active concern for migrant rights, the normalization of irregular migration through the legalization of migrant status rather than forced return. We also highlight the responsibility of sending countries of Latin America in providing legal support and consular protection to their expatriate community through their network of consulates, embassies and Diaspora organization. A better managed migration system is an important challenge in the road to prosperity, social inclusion and democracy both in Latin America and Europe.

References.

Solimano, A. (2009) *Broken Borders. The International Mobility of People and Elites in the Age of Globalization*. Cambridge University Press, forthcoming.

----- (2008) "Migraciones Internacionales en America Latina y el Caribe: Oportunidades, Desafíos y Dilemas" *Foreign Affairs*, en español, Vol.8, numero 2.

-----, (2008), Editor, *The International Mobility of Talent. Types, Causes and Development Impact*. Oxford University Press.

IOM, (2008) *World Migration 2008. Managing Labour Mobility in the Evolving Global Economy*. Vol. 4 IOM World Migration Report Series.