

Circular Migration

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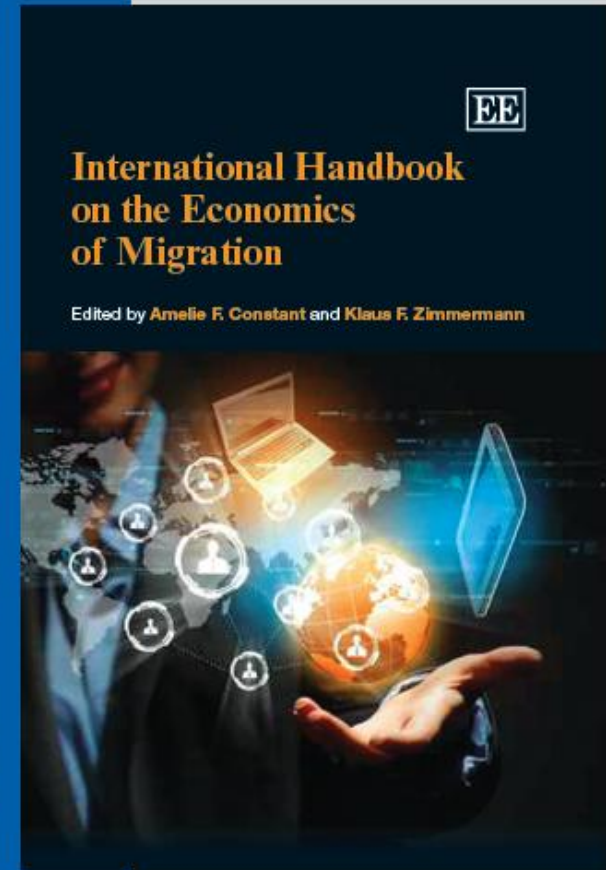
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Migration: Permanent or Circular?

- ▶ Popular immigration narrative: migrants leave one country and stay permanently in another, creating a brain drain in the home country
- ▶ In reality: workers migrate, find employment, and return home or move on, often multiple times
 - Sending countries benefit from remittances and enhanced human capital when migrants return
 - Receiving countries fill labor shortages
- ▶ Restricting circular migration increases likelihood of illegal immigration and overstaying of visas in receiving countries

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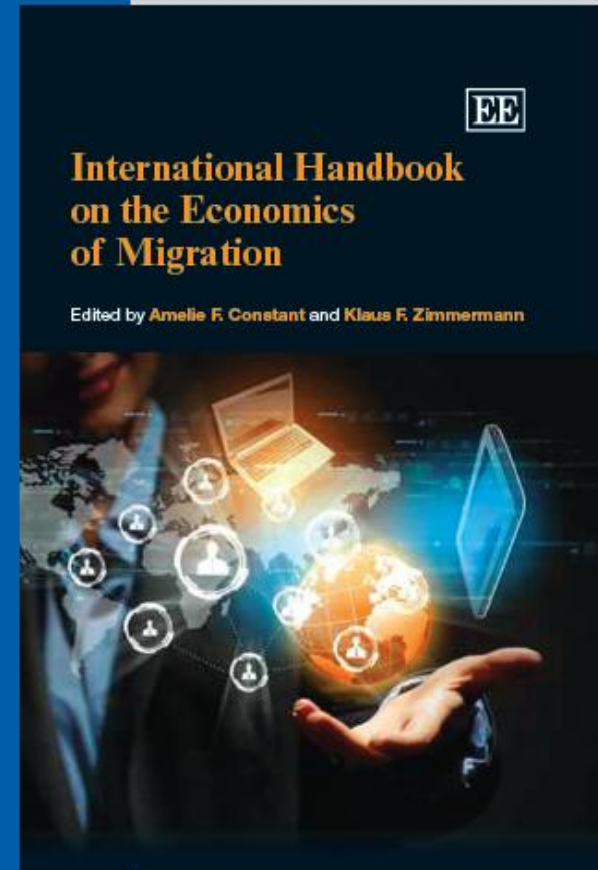
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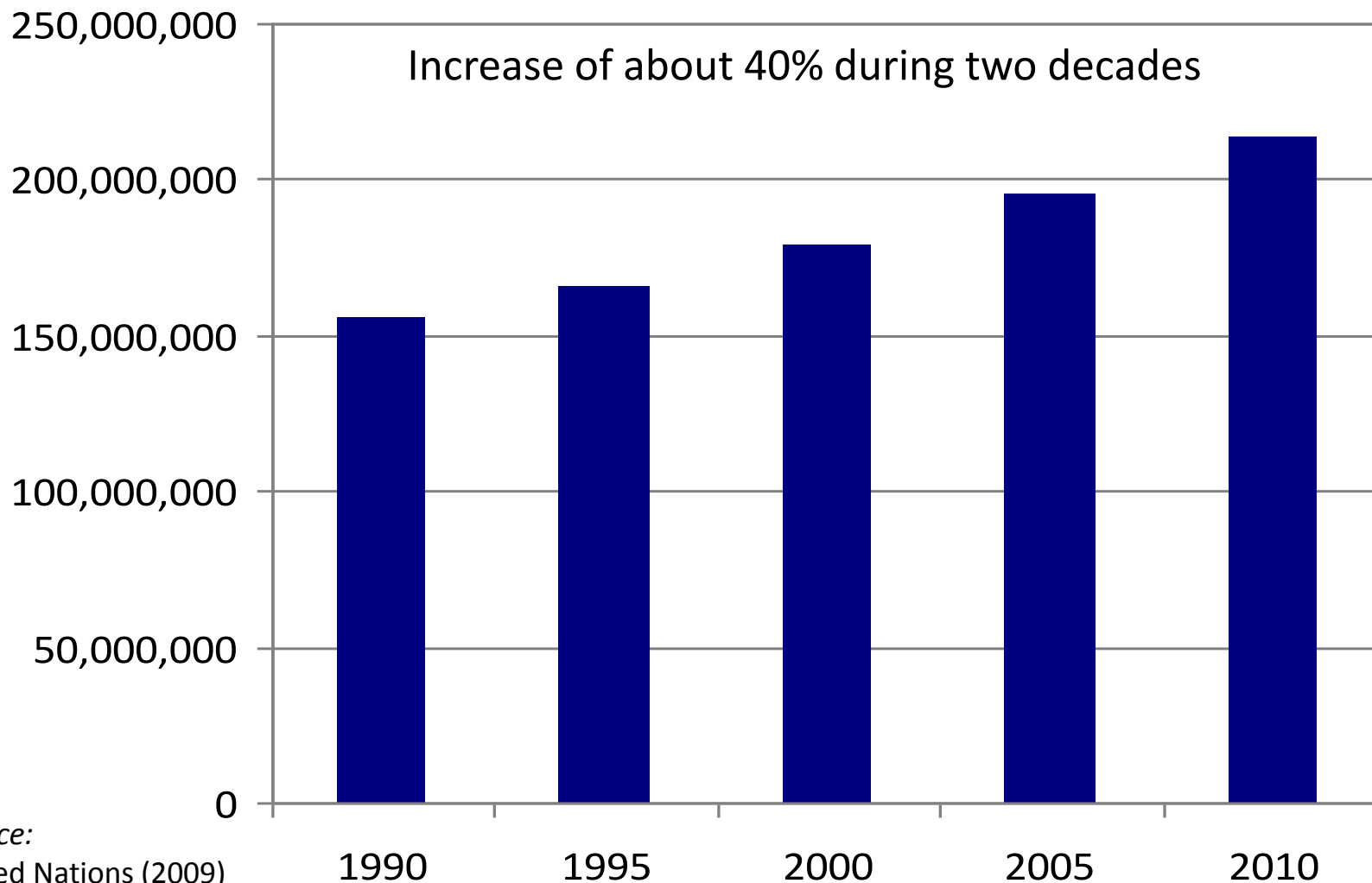
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Background and Motivation

- ▶ In a world with continued globalization and demographic changes in many countries, adjustments processes are increasingly important
 - More resources available
 - Higher education
 - Demographic imbalances
 - Population decline
 - Poverty/poor living conditions
- ▶ **Labor mobility will inevitably increase**

Worldwide Increase in Labor Mobility

Estimated Number of International Migrants, 1990–2010



Source:
United Nations (2009)

The Effects of Increasing Labor Mobility

- ▶ Increasing mobility is good because it contributes to an optimal allocation of economic resources that generates high output and welfare, and mobility ensures a quick adjustment of labor markets, especially on the regional level
- ▶ Variety of migrants increase growth potential
- ▶ Skilled migration good for equality
- ▶ **No negative trade-off between efficiency and equality**
- ▶ However, social tension between natives and foreigners may arise if integration opportunities are not available or integration efforts fail

Circular Migration as a Win-Win-Win Situation?

- ▶ Circular migration is widely perceived as a potential “win-win-win situation” that can help to relax the potential social tension:
 - *Circular migrants* take advantage of better employment and payment opportunities in the host country; they optimize and re-optimize their income, savings and assets strategies, and thus improve their economic, social and personal situation at each stage
 - For *receiving countries* circular migration is desirable because it may help to plug labor market shortages by matching excessive labor demand in host countries and excessive labor supply in sending countries
 - *Sending countries* benefit from remittances sent by migrants abroad, and if the better skilled return, they are highly valuable since they transfer knowledge acquired abroad and bring back new ideas

The Risks of Circular Migration

- ▶ Potential difficulties for *host countries* are compliance problems and illegal “overstaying” of circular migrants
 - Example: Encouraging return migration failed in most European countries after the guest worker recruitment stopped in 1973, especially for immigrants from non-EU member states who could not re-enter the host country easily (Constant and Zimmermann, 2011)
- ▶ In the *sending countries*, out-migration can induce severe shortages of labor supply, and mass male migration can worsen poverty
- ▶ Circular migration may also be harmful to *circular migrants* if they are exposed to exploitation and locked in dependent and exploitative relationships that offer little possibility for upward mobility and training (Hugo, 2009)

Circular Migration: Definition and Specificities

- ▶ Popular definition: Circular migration is the systematic and regular movement of migrants between their homelands and foreign countries typically seeking work (Constant and Zimmermann, 2011)
- ▶ Synonyms: repeat, shuttling, rotating, multiple, cyclical, or circuit migration (also: commuter or revolving-door migration)
- ▶ Unregulated systems are established by the migrants themselves (e.g., nomads and traders), whereas regulated systems are based on collaborations and diplomatic agreements (e.g., "bracero" program in the US, guest worker recruitment in many European countries)
- ▶ A specific and distinct feature of circular migration is its self-perpetuating nature as it spawns migration-specific capital (Massey and Espinosa, 1997; Constant and Zimmermann, 2011)

Empirical Evidence on Circular Migration

- ▶ Circular migration can create a positive stimulation of labor markets in both the sending and the receiving country, but it can also lead to dependencies, discrimination and alienation
- ▶ Social acceptance by the receiving country is a serious issue: Many societies are worried about “foreign infiltration” due to increased immigration
- ▶ However, simply restricting circular migration is not a solution and often has quite the opposite effect as examples can illustrate:
 - Mexican workers in the US
 - Germany’s guest worker program



Example 1: Mexican Migrants in the United States



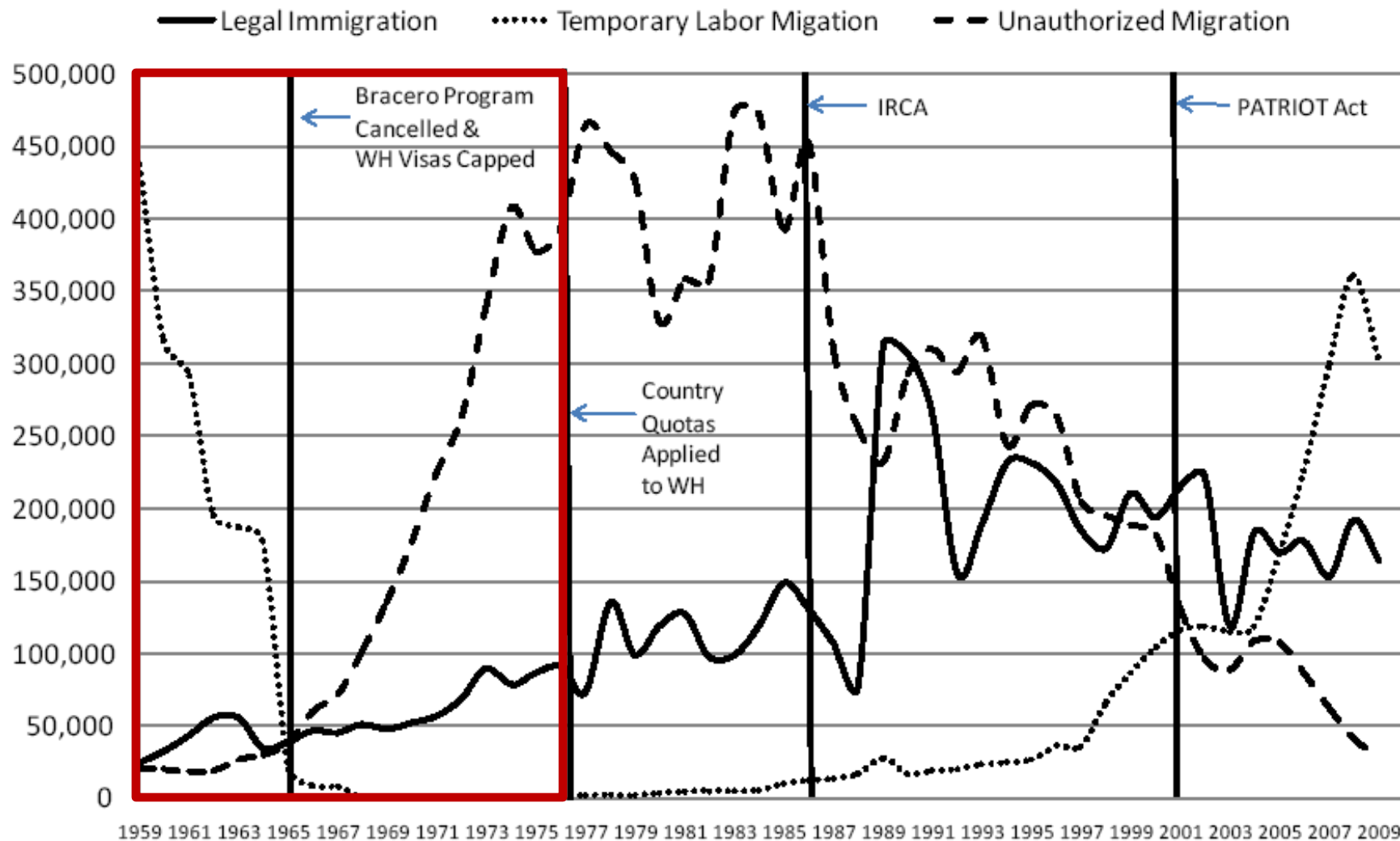
Overview: Mexican Workers in the US

- ▶ Before the elimination of the bracero migration in 1964, Mexican workers were free to move between Mexico and the US
- ▶ Mexican laborers commuting for employment purposes to the US on a regular basis used to enjoy free labor mobility until an (initially benevolent) change in legislation ended this privilege
- ▶ This change in legislation resulted in severe restrictions such as immigration quotas and enhanced border control for laborers coming from Mexico who sought work in the U.S
- ▶ This led to major changes (Massey, 2011):
 - The geography of migration changed
 - More Mexican families settled permanently in the US
 - Border control induced enormous costs

Changes in Migration Patterns and Structure

- ▶ While in the early 1980s the average Mexican worker (usually undocumented) was staying in the US for about three years, by the late 1990s, the average stay was nine years
- ▶ Mexican migrants stop going home and brought their families in the US, where we see a tremendous growth of the Mexican population with about 12 million undocumented
- ▶ While the de jure labor system in the US was based on the annual circulation of legal temporary workers and a small number of legal permanent residents, the recently brought on migration cap changed the system to a de facto system of yearly circulation of undocumented workers and a rather larger number of permanent residents (Massey, 2011)

Mexican Migration to the United States



Source: Massey (2011)



1964: 1 million guest workers

Example 2: Ban on the Recruitment of Guest Workers in Germany

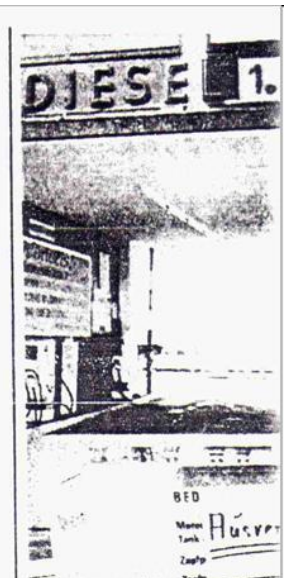
Anwerbung im Ausland eingestellt

Gastarbeiter-Welle ist vorerst gestoppt

Vorsorge für Beschäftigungsrisiken durch Öl-Krise

Von unserer Bonner Redaktion

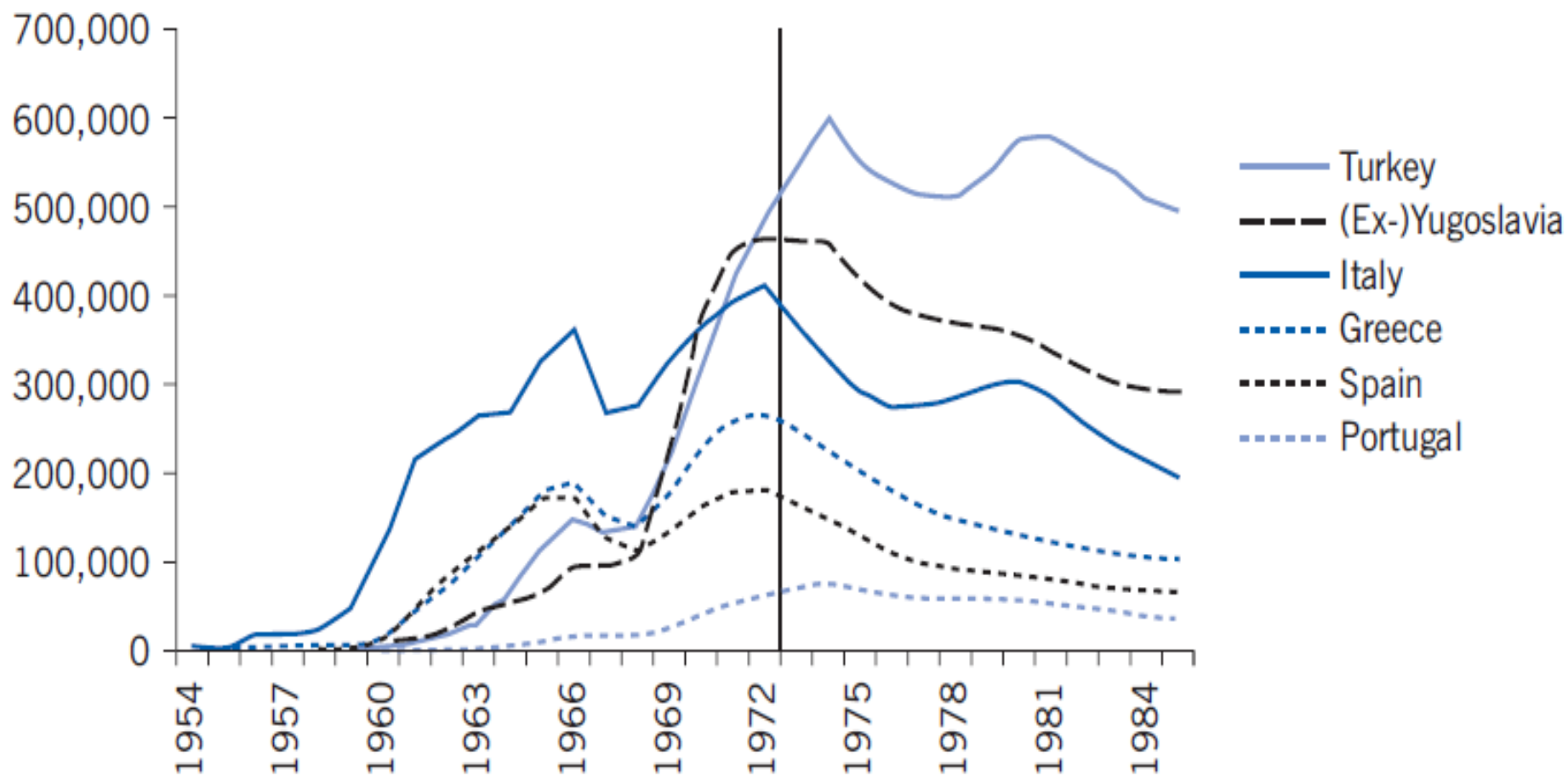
BONN. Die Anwerbung von Gastarbeitern aus dem Ausland ist vorläufig gestoppt worden. Bundesarbeitsminister Arendt hat im Hinblick auf mögliche aus der Energie-Verknappung resultierende Beschäftigungsrisiken der Bundesanstalt für Arbeit entsprechende Anweisungen erteilt. Gegenwärtig sind in der Bundesrepublik etwa 2,6 Millionen Gastarbeiter beschäftigt. Hinzu kommen noch etwa 260 000 Ausländer, die sich illegal in der Bundesrepublik aufhalten.



Guest Workers in Germany

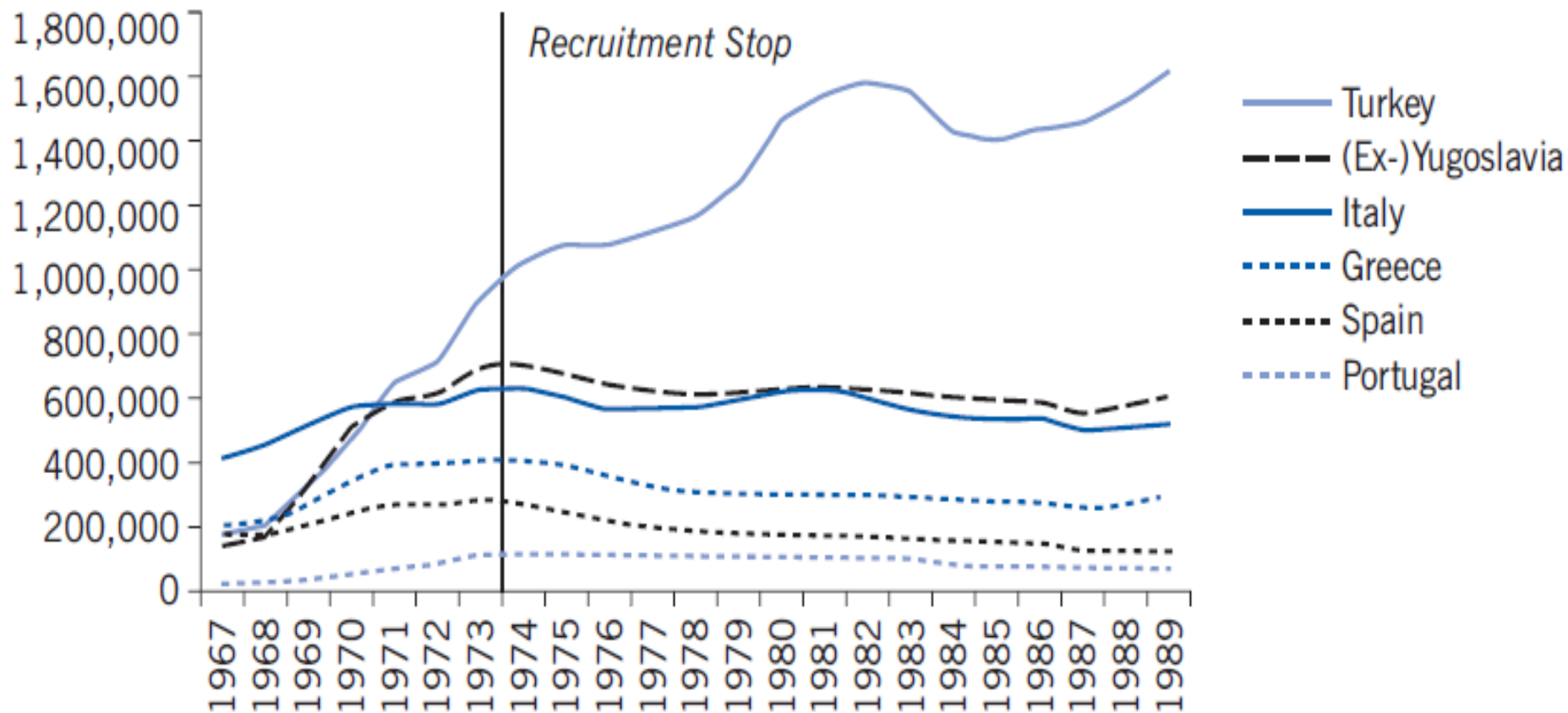
- ▶ In response to its extraordinarily fast economic growth in the late 1950s and early 1960s, Germany signed bi-lateral treaties for recruitment of blue collar workers in low qualified sectors with several Southern European countries
- ▶ This demand-driven and project-tied immigration system was successful in recruiting the desperately needed laborers, who worked hard and contributed to the continued economic boom
- ▶ However, the first oil crisis in 1973 and the subsequent rise in unemployment prompted the German government to stop its guest worker recruitment (see Zimmermann, 1996; Constant et al., 2012)
- ▶ Subsequent efforts to encourage and plans to achieve return migration failed and quite the contrary occurred: Germany experienced an increase of its guest worker population due to family reunification and high fertility rates of these families

Employment of guest workers in Germany declined sharply following the recruitment stop



Source: Constructed by the author based on data from the German Federal Statistical Office.

The foreign population in Germany from the former guest worker countries declined after 1973, except for Turkey



Source: Constructed by the author based on data from the German Federal Statistical Office.

Negative Outcomes after Restricting Migration

- ▶ Immigration restrictions and enforced return migration often result in exactly the opposite situation to what was initially intended
- ▶ Imposing restrictions on immigration that aim to reduce the number of immigrants residing in or entering the country can lead to increasing numbers of immigrants – if necessary illegal
- ▶ In contrast, free mobility and the option to return to the hosting country, for instance guaranteed through citizenship, encourage circularity because immigrants who become naturalized can return to the host country whenever desired, they can search for and accept the best jobs offered – in the home or(!) the host country (Constant and Zimmermann, 2011)

Who are Circular Migrants?

- ▶ Circular migration is mostly seasonal labor migration and it is most prevalent among the young, among men, and among the single
- ▶ Attachment to the host country as indicated by owning a dwelling or being married and having family in the host country reduces the likelihood to circulate, whereas the acquisition of the host country's citizenship fosters circularity
- ▶ Hence, the likelihood of a circular migration pattern arises with the freedom to leave and with the right to return

Managing Circular Migration: Examples

- ▶ There is a huge variety of projects and programs aiming to manage circular labor movements in various countries worldwide:
 - Programs in the EU (e.g., partnerships signed by Spain with Morocco, Colombia and Romania in the early 2000s; more recently: bilateral agreements between Portugal/Ukraine and Italy/Moldova)
 - Seasonal worker programs between Canada and Mexico and Canada's new initiative, the "Low-Skilled Pilot Project"
 - New Zealand's "program for seasonal workers from the Pacific islands"
 - United Kingdom's "Seasonal Agricultural Workers Scheme"
 - The H-2B and H1-B visa program of the US
 - Programs focusing on South-South migration (e.g., in Africa or in Asian countries such as China, Korea and Japan)
- ▶ However, designing a system that takes into consideration all needs and necessities at the same time is not trivial

Conclusions (1/3)

- ▶ **Circular migration will become more and more important**
- ▶ Effective policies for labor migration and circular migration go hand-in-hand
- ▶ Countries need to open their labor markets in order to...
 - ... combat the widespread shortages of skilled workers
 - ... reap the economic gains from immigration
- ▶ **A new migration regime based on economic principles** could make labor markets more efficient and reduce regional imbalances
- ▶ **“Brain circulation”** can encourage transfer of skills, know-how and innovations
- ▶ Circular migration is by its mere definition not permanent, and **if managed properly, it can accommodate volatile labor markets best**

Conclusions (2/3)

- ▶ When establishing circular migration systems it is **important to find ways to bring out the benefits while mitigating negative side effects** such as exploitation
- ▶ Policies that **restrict immigration**, increase border protection, or force migrants to return home have often failed and instead **increased illegal migration** and **reduced return migration**
- ▶ Consequence: migration via **different channels**, such as **family migration** and for **self-employment** (e.g., Romanians/Bulgarians in the UK, Poles in Germany)

Conclusions (3/3)

- ▶ Circular migration resulting from free labor mobility filtered by **availability of jobs in host countries** could work better
- ▶ Instruments for **successful immigration policy** include: **dual citizenship, permanent residence** permits, and **liberal immigration agreements** between countries

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