

Migrant Flows in A Changing World: what can we learn from the UK?

Henry Telli
University of Nottingham, UK

Introduction

It may seem obvious that people migrate to places where they hope to find better opportunities that will improve their living conditions. However, a deeper consideration of the determinants of migrant flows reveal a more complex migrant behaviour and flow patterns that require more thoughtful analysis within that framework.

For instance, in as much as you would expect to see a flow of migrants from poor, developing countries (or LDCs) to rich, developed countries, you would also expect migration from these developing countries to gradually reduce when income and living conditions in those countries begin to get better. This latter expectation may be justified, given that historically, countries have experienced high net immigration (more immigration than emigration) during the periods of rapid economic development and industrialisation.

However, on the contrary, migration theory predicts that migrant flows from developing countries will initially increase in the short to medium run as conditions in those countries improve and will only begin to reduce in the long run when the overall cost of migration and the natural preference for their home country can no longer be fully compensated for by the remaining income differences between the developed and developing countries.

The aims of this study is to empirically explore the macroeconomic determinants of international migrant flows into the UK with a special focus on the role of development.

Research Questions & Hypothesis

- What are the impacts of economic, political, social, demographic, and other country-specific factors in determining migrant flows to the UK?
- Will the development and improvement of conditions in the less developed regions of the world reduce migration from these regions to the more developed regions?
- Does immigration policy matter in determining the size of migrant flows?

Hypothesis:

There is an inverse U shape relationship between development and migration such that emigration from developing countries increase initially as they develop but later decrease with further development after a certain threshold in the development process.

Data and Method

We use immigration data taken from the Home Office's Control of Immigration command papers; political situation data from the Freedom House Indices; and also economic and other data sourced through the ESDS and the World Bank's WDI. The unbalanced panel data covers 42 developing countries in Africa, Asia and Latin America from 1973-2005.

Given the basic model: $M_{jt} = \alpha + \beta_1 Y + \beta_2 Q_j + \beta_3 X_j + \beta_4 Z_i + \epsilon$

we employ panel data techniques, using a fixed effects model to account for unobserved country heterogeneity but we also estimate a system GMM model to account for potential endogeneity while incorporating the dynamic elements of our empirical model at the same time.

The dependent variable, M_{jt} , is the rate of emigration from country j to the UK. The RHS variables Y , Q , X and Z are Economic, political, other characteristics of the migrant sending country and migrant network variables respectively.

Table 1: Results

Model	OLS	Fixed	GMM
Observations	1058	1058	1058
R-Squared	0.7896	0.5866	
Constant	-14.9196*** (-8.4391)	-15.6040*** (-14.0726)	-3.0599** (-2.1993)
	(1)	(3)	(4)
Economic Independent Variables			
In Income differential	0.0024* (1.7369)	0.0058*** (5.6796)	0.0014 (1.2765)
In Income per capita	1.4569*** (3.1583)	1.0756*** (3.6732)	0.4232 (1.6034)
In Income per capita squared	-0.1226*** (-3.8733)	-0.0772*** (-3.8991)	-0.0305 (-1.6836)
GDP growth	-0.0027 (-0.5747)	0.0024 (0.8524)	0.0021 (0.8485)
Political Independent Variables			
Political rights score	-0.5747*** (-2.7166)	0.0111 (1.3745)	-0.0085 (-1.3108)
Political Freedom dummy	-0.1484** (-2.0099)	0.1395*** (2.6483)	-0.0269 (-0.7035)
Other Characteristics of sending Country			
Population growth	0.0315 (1.4354)	-0.0127 (-0.7401)	-0.0340** (-2.3961)
Urban share of the population	0.0140*** (8.0951)	0.0145*** (3.3219)	0.0010 (0.9677)
In Distance	-0.2049*** (-4.7794)		-0.0358 (-1.0887)
Commonwealth dummy	0.8780*** (11.4954)		0.1946** (2.6217)
Network Independent Variables			
In Trade with the UK	0.4946*** (15.3165)	0.3519*** (11.2028)	0.1001** (2.1488)
Lag 1 of the percentage of sending country's population in the UK	21.2164** (2.5473)	16.2262*** (8.2273)	-4.8683** (-2.3693)
Lag 1 of the percentage of sending country's population in the UK	15.0731* (1.8980)	8.0929*** (3.8572)	6.8633*** (3.9524)
Lag of dependent rate of immigration (dependent variable)			0.8225*** (18.2946)

Results and Conclusions

- The fixed effects model shows that income difference has a positive effect on the rate of emigration from developing countries into the UK. Thus, as the income gap between developing countries and the UK widens immigration in the UK increases.
- We also find that there is an inverse U shape relationship between development and migrant flows into the UK, given that income has a positive effect while income squared has a negative effect. Thus development positively drives emigration from developing countries up to a point, after which, further development reduces emigration to the UK.
- Interestingly, we also find that our dummy for political freedom in the migrant sending country has a positive effect on emigration from that country. This may be as a result of the fact that political freedom also include freedom of movement.
- We also find that the share of urban population in the migrant sending country, trade between migrant sending countries and the UK as well as the percentage of the sending countries population that migrated to the UK a year and two years ago all have strong positive effects on migrant flows into the UK.
- The results also show that the year dummies for 1977-2000 and then in 2002, 2003 and 2005 all had a negative effect hence the rate of emigration from developing countries to the UK declines from year to year. This shows that UK immigration policies (Acts of 1981, 1988, 1993, 1996, 1999, 2002) have all had a reducing effect on immigration in the UK from developing countries.
- The results from the system GMM model (the preferred model since it controls for possible issues of endogeneity) however show that the only variables that strongly matter for immigrant flows from developing countries to the UK are: population growth in the sending country (negative effect); migrant networks and contact measured by trade and previous years' migration as well as the status of being a Commonwealth country (positive effects); and UK immigration policies (negative effect).
- Our conclusion, based on the results, is that, although income and income differences as well as other factors may motivate the individual's propensity to migrate, the only factors that determine the rate of migrant flows from developing countries to the UK are: whether or not the developing country has Commonwealth status; the size of the migrant networks or contacts in the UK; and the UK's immigration policy.

Some references:

Mitchell, J. and N. Pain (2003). "The Determinants of International Migration into the UK: A Panel Based Modelling Approach." DISCUSSION PAPERS-NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH.
Vogler, M. and R. Rotte (2000). "The effects of development on migration: Theoretical issues and new empirical evidence." Journal of Population Economics 13(3): 485-508.
Zlotnik, H. (1999). "Trends of International Migration since 1965: What Existing Data Reveal." International Migration 37(1): 21-61.