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**VALUING MIGRATION:  
COSTS, BENEFITS, OPPORTUNITIES, AND CHALLENGES**

## **VALUING MIGRATION: COSTS, BENEFITS, OPPORTUNITIES, AND CHALLENGES**

### **I. INTRODUCTION**

1. The debate over international migration has acquired a sense of urgency in recent years. Growing mobility of labour in a globalizing economy, emerging population and demographic dynamics, as well as enhanced security concerns, all contribute to the view that the collective capacity to “govern” migration phenomena is not keeping pace with these fast evolving developments.

2. A wide range of considerations drives this sense of urgency. For some States, migration has contributed and continues to contribute to important goals such as economic development, or social dynamism, cultural richness and diversity; their wish is to ensure that these gains are maintained. For others, the sense of urgency comes from questions about how to adjust to new migratory situations and develop effective policy responses to emerging challenges. For all there is the need to find the point of equilibrium between facilitation and control.

3. The question is no longer whether to have migration, but rather how to manage migration effectively to enhance the positive side of the tally sheet and reduce the negative. Which forms of migration are desirable, and should be facilitated and under what circumstances? Which forms are undesirable and need to be rechannelled?

4. Just as the causes of international migration are complex, so too are the effects of these movements. Their impacts cannot be characterized as solely positive or negative. To give a seemingly simple example, the emigration of highly-skilled migrants is often described as a loss to the source country and benefit to the destination country. In reality the equation is rather more complex. From a country of origin perspective, the loss may be mitigated by a lowering of unemployment rates in the country of origin (the vacated job being filled by an unemployed skilled professional), but this in turn may be offset by the costs which have been incurred in educating or training the skilled migrants who have left. However, if the migrants help link companies in the home country with business opportunities in the new location, both countries may benefit. On the other hand, if the destination country does not utilize the professional or other skills brought by the migrants in its workforce, then migration may well have negative impacts on both societies.

5. It would be a mistake to measure the value of migration solely in economic terms. Migration is linked not only to national and global economic growth and prosperity but also to such complex issues as international security and human rights, public health and national identity. It has political, social, cultural and other effects, including the very important “human dimension”, in addition to its economic effects.

6. There is manifestly no clear or comprehensive methodology available to gauge, assess and quantify the full implications and value of migration in all of its manifestations. Given the multitude of relevant variables, including the vast number of actors involved, it is no easy task to draw up a simple balance sheet assessing the positive and negative effects of migration.

7. **World Migration 2005** (the third in the series of World Migration Reports) is dedicated to an investigation of what current research says about the costs and benefits of international migration. This paper draws on that forthcoming IOM publication to stimulate the Council deliberations on Valuing Migration by outlining some issues for discussion in three key dimensions – (i) human, (ii) economic, (iii) social and cultural – and one major strategic concern – migration management.

## II. THE HUMAN DIMENSION

8. This analysis rightfully begins at the individual human level. Migration is not just a cluster of policy issues, but an individual decision to move from one country to another - temporarily or permanently - for purposes of work, family reunion, education, or to flee from danger or hardship. It reflects individual weighing of costs and benefits to assess whether to migrate and how to initiate and live a positive migration experience. People migrate to seek to provide safety, security, and opportunities for themselves and their families, common goals of all human beings.

9. Voluntary individual migrants almost always gain a net benefit by migrating from a poorer to a richer country,<sup>1</sup> and the eradication of poverty is the crucial first goal in the United Nations Millennium Declaration.<sup>2</sup> Today, there is renewed interest in exploring the positive effects of international migration for individual migrants and for home country development.<sup>3</sup> There can be no doubt that a successful migration experience is an enriching one in many different ways. But there are costs also, for instance in terms of the effort that goes into adaptation to a new environment, or in terms of separation from family and friends. These costs are highest when the pattern of migration is irregular. Trafficking and smuggling can and frequently do lead to situations of exploitation and vulnerability. Migration that occurs outside governmental knowledge and control is particularly problematic in an era when it is more important than ever for governments to know who is in their territories and for what purposes. The economic, security, human rights and other consequences of irregular migration, and especially of trafficking and smuggling, can be grave for individuals and for societies.

10. **Protection of the rights of migrants** is an essential international value, enshrined in international human rights law, and instances of xenophobia, discrimination and racism are too prevalent today. While migration is at the centre of current debates in countries of destination,

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<sup>1</sup> Hugo Graeme: *Migration and Development: A Perspective from Asia*, Migration Research Series, International Organization for Migration, November 2003.

<sup>2</sup> Under the auspices of the United Nations (UN), 191 States adopted the Millennium Declaration in September 2000, identifying eight Millennium Development Goals (MDGs). <http://www.un.org/millenniumgoals>. The World Bank has found that a 10 per cent increase of international migrants in a sending country's population will lead to an average decline of 1.9 per cent in the number of people living in poverty, and a 10 per cent increase in international remittances as a percentage of a country's GDP will lead to an average 1.6 per cent decline.

<sup>3</sup> In December 2003, the United Nations General Assembly, during its Fifty-eighth Session, adopted resolution A/RES/58/208, urging the United Nations and Member States to continue strengthening cooperation in international migration and development with a view to integrating migration issues more coherently within the broader context of implementing economic and social development goals. The resolution calls for a High-Level Dialogue on International Migration in 2006, and for the "exceptional" inclusion of "migration and development" in the agenda of the Fifty-ninth session of the General Assembly in 2004, thus breaking the pattern of discussing the item biennially.

origin and transit alike, in many countries public opinion is adverse to migrants, often based on misinformation. Images of migrants at the margins of society, of irregular migration, particularly involving trafficking, smuggling, and organized crime, and unemployment of local workers, particularly in times of economic recession, can aggravate and fuel anti-immigrant sentiment. The benefits of migration can be undermined by politicization of the topic, with migrants perceived as a burden on society, rather than a benefit, regardless of what the reality may be.

11. While States have an obligation to protect the human rights of migrants, migrants must also abide by the laws of the host country, including by rejecting extremism and intolerance. There is a growing sense of the responsibility of migrants to make a positive contribution to society. At the political level, there is a sense that rights must be balanced with responsibilities, while the precise formulation may vary from country to country.

12. **Families** are important social capital in the process of integration and assimilating migrants into the workforce of host societies. Policy decisions over family reunification can have a significant impact on how easily and quickly migrants become (and remain) successful contributors to the host society. There are numerous ramifications to family separation, such as the economics of maintaining two households and the social and cultural impact of children raised by only one parent that are not always considered, and that have not yet been adequately measured.

### III. THE ECONOMIC DIMENSION

13. It is difficult to envision a world where there is an increasingly free flow of capital, goods and services without movement of people. At the international level, there is growing recognition of the role of migration in world economic growth, development and stability. Economic migration theories suggest that migration has the potential to offer gains to all or nearly all those involved in the migration process: countries of origin find outlets for their excess labour supply and benefit from the remittances their migrant workers send from abroad and the investments made by diasporas; countries of destination are able to meet their labour market needs, and maintain or improve productivity levels; the increased supply of labour reduces the growth in wages thereby raising national income; and migrants themselves benefit from higher wages and better working conditions and by acquiring new work-related skills and knowledge that they can eventually take back home.

14. As globalization further integrates economies and labour markets, barriers to the movement of people are cited as a major impediment to potential global welfare gains that would benefit developing countries, developed countries, individual migrants and their families.<sup>4</sup> Even modest liberalization of the temporary movement of persons to provide services under Mode 4 of the General Agreement on Trade in Services (GATS) – by all accounts only a small percentage of annual cross-border movements – is projected to produce annual global welfare gains of between USD 150 billion and USD 200 billion, outstripping gains anticipated in further

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<sup>4</sup> The lack of a multilateral framework governing the cross-border movement of people is cited as a major gap in the current institutional structure for the global economy. See, for example, A Fair Globalization: Creating Opportunities for All, World Commission on the Social Dimension of Globalization, 2004; World Trade Report 2004 citing Winters and Walmsley, 2003 and Rodrik 2002.

liberalization of trade in goods.<sup>5</sup> But people are not goods, and the issues surrounding the movement of people are more varied and complex than those surrounding the movement of goods.

15. Economic benefits can be offset by economic loss if migration is not effectively managed. Countries of origin may experience a net loss with the emigration of skilled professionals. Countries of destination may experience a loss through, for example, increased unemployment rates if migrants successfully compete for jobs sought by the local workforce; or again through increased expenditure on health, education and general welfare programmes. While migrants often pay taxes and generate revenue, displacement of local workers, downward pressure on wages, strains on physical infrastructure and public services, including housing, transport systems, schools and medical services, security concerns and concerns regarding social cohesion and stability are some of the frequently-cited potential costs associated with migration. There have been studies assessing the net economic impact of migrants and models of evaluation may not adequately take account of important factors such as perceptions and identity questions. Most of the few studies that do exist on this subject have found that, in the aggregate, migrants rarely take jobs from nationals, and that migration has minimal negative impact on wage levels.<sup>6</sup>

16. Skilled migration increasingly takes place in multiple directions, with returning migrants bringing needed skills, investment and capital to home countries. New mechanisms are being explored, such as codes for ethical recruitment practices, to help reduce the incidence of brain drain and ensure truly beneficial skills circulation. Traditional notions of “brain drain” for the developing world and “brain gain” for the developed, while still relevant, are today raising policy challenges to “brain circulation” or “brain sharing”, taking into account the multidirectional nature of labour migration and possible mutual gains to be realized.

17. An important component of the economic dimension of migration, yet to be adequately assessed, is the impact of **remittances**. The World Bank recently estimated that nearly USD 100 billion is remitted through official channels annually, at levels several times FDI or official development assistance for many individual countries. Remittances transferred through unofficial channels may be two to three times that amount. A recent IOM survey of remittance practices of migrants from Guatemala found that there are some 25,000 small businesses financed in Guatemala by remittances, generating a total of USD 91 million in production and about 3,500 jobs.<sup>7</sup> Yet remittances – which are private funds – have also been criticized as primarily affecting consumption, rather than contributing to **local investment** and **longer-term sustainable growth and development**, the broader goal for remittance management.

18. In addition to financial investment channels, including **foreign direct investment**, migrants and diasporas participate in other forms of investment in home country development, such as virtual and actual skills transfers, as through facilitated temporary or permanent **return migration**. A survey conducted in the United States in 2003 showed that “21 per cent of male

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<sup>5</sup> Ibid. Global gains from freer movement of labour do not take account of gains from visitors, students and others who contribute billions of dollars annually to countries of destination. For example, the United Kingdom economic growth rate was estimated by its Treasury to be almost 0.5 per cent lower for the next two years if net migration ceased. Visitors from outside the European Union spent GBP 6.8 billion in the United Kingdom in 2002, and those from within the European Union billions more.

<sup>6</sup> Goldman Sachs, Global Economics Paper No: 115, August 2004.

<sup>7</sup> See IOM, October 2004, “National Survey on the Impact of Family Remittances in Guatemalan Homes” available at [www.oim.org.gt](http://www.oim.org.gt) <<http://www.oim.org.gt>>

immigrants with employment visas expected not to live in America in the long term”.<sup>8</sup> IOM’s “Migration for Development in Africa” (MIDA) programme sees the potential value of return migration – virtual, temporary or permanent – and serves to facilitate the transfer of vital skills and resources of migrants from different African countries to support development of their home countries.

19. The economic value of migration depends, in large measure, on the policies and economic climates created by governments. For developed countries, policies to attract and more effectively utilize the skills of foreign workers, including by facilitating recognition of qualifications, can ensure targeted economic benefits to the domestic economy and help offset the anticipated negative effects of ageing and declining populations. For developing countries, policies to channel remittances into productive investments – such as by offering tax breaks and government matching grants – while creating the stability and other incentives necessary to stimulate investment in the home economy can help make the most of migration for the home economy.

#### IV. THE SOCIAL AND CULTURAL DIMENSION

20. The social and cultural impact of migration is considerable. **Migrants can build intercultural bridges** and cross-border social capital as they move between their culture of origin and that of their new home. Culturally diverse workforces can be best placed to identify opportunities and forge effective multinational relationships that generate and sustain international business. Increasing cultural diversity can provide impetus for the stimulation of entrepreneurship, experimentation in industry, creativity in art and literature, achievement in sports, innovation in cuisine and a multitude of other endeavours. Policies can have a major role in enhancing the image of migrants in host societies through educational programmes, media campaigns and events bringing people together.

21. But divergent sets of societal expectations and resulting psychological pressures can lead to marginalization of migrants in the host country. Unless government integration policies are carefully developed, rather than active participation in a host society, the consequences may be isolation of migrants into communities exclusively practicing their respective traditions and cultures. The risks of disaffection are not insignificant.

22. Fewer countries are homogeneous in population today than in previous eras. Multicultural societies are increasingly the norm rather than the exception. Dual/multiple nationalities are becoming more common, and such situations bring their own benefits and challenges. Multicultural societies are not only dynamic but can be the most vibrant, stable and sustainable as they are well suited to adapt to a rapidly changing world. Unless sensitively managed however, issues of cultural diversity can end up being a source of tension. Migration is a two-way street based upon mutual respect between the migrant and the host society – respect on the part of the migrant for the fundamental values of the host society, and respect of the host society for the basic human rights and social, economic and cultural richness migrants can offer.

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<sup>8</sup> Rosenzweig, Mark, “Copenhagen Opposition Paper on Population and Migration”, prepared for the Copenhagen Consensus 2004.

23. Public **health** is now of global concern, as people bring their health environments to new countries as tourists, visitors and migrants, and bring back home the health environment of the host country. The relationship between migration and health is close and dynamic and presents both costs and opportunities, not least of which for higher levels of global public health.<sup>9</sup>

24. Migration-related experiences can empower women to greater independence and autonomy and reduce **gender** disparities by raising the share of women in wage employment, particularly in the non-agricultural sector. The empowerment of women can affect subsequent generations, and can have a significant impact on the culture and social structure back home. This impact may be valued differently depending upon the sociocultural perspective of the evaluator.

## V. THE MANAGEMENT DIMENSION

25. The costs of managing migration cannot be ignored. Migration management requires investments of resources – human and financial – in the development and implementation of systems for identifying and tracking migrants, combating irregular migration, particularly trafficking and smuggling, returning unauthorized migrants, and more. Both measures to strengthen borders and to facilitate entry require dedication of resources. The global economy depends on efficient measures to facilitate the identification of migrants, to ease access for those who are authorized and properly identify those who are not. International businesses cite the substantial costs in time and money of applying for visas, work permits, and other administrative elements of managing movement from one country to another. These costs are relevant for all countries, developed and developing, countries of origin, transit and destination.

26. But the costs of *not* managing can be higher. Governments are expected to determine who enters a country and under what conditions. While the majority of migrants respect the rules and enter and exit countries lawfully, abuse of migration and asylum systems is common and diminishes public support for migration. High profile cases of abuse – even though very small in number – can be highly damaging. Integrity of the system is key to public support for an environment supportive of newcomers, as reflected in diminished support for refugees in many European countries as a result of perceived widespread abuse of asylum systems.

### For Further Deliberation

- *What broad policy approaches are needed to maximize benefits and minimize risks and costs associated with migration, in all dimensions?*
- *How could better cooperation lead to more productive migration outcomes?*
- *What measures can be taken to maximize the economic benefits of migration in a globalizing world of more closely integrated economies? How can these benefits be shared most effectively and equitably?*

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<sup>9</sup> Susan Maloney: “Migration Health Policies: Shifting the Paradigm from Exclusion to Inclusion”, Seminar on Health and Migration, Geneva, IOM 2004.

- *How could migrants be better integrated into host countries while retaining important elements of their own culture? How can core values of society be preserved in the face of differing cultural and religious ideas brought by migrants?*
- *How can the rights of migrants be effectively protected?*
- *How can we promote a better image of migrants in society? How can the social contribution and enrichment that migrants bring be better appreciated?*
- *How can we increase the effectiveness of policy-making in the absence of hard data and evidence on the costs and benefits of migration, and reduce the risk of politicization of migration issues that results from inadequate information?*

## VI. CONCLUSION

27. There is a tendency to apply facile stereotypes and untested assumptions to the value of migration or of migrants to society.<sup>10</sup> Migration involves economic, as well as developmental, social, cultural, and political aspects that all need to be taken into account in assessing its costs and benefits. As was said at the outset, the question is no longer whether to have migration, but rather how to manage migration effectively to enhance the positive side of the tally sheet and reduce the negative. The goal for the international community, therefore, is to explore ways in which **the value of migration can be maximized. This will require constructive and effective migration management policies.**

28. Harnessing the benefits migration may offer will require an appropriate policy and programme environment. Migration needs to be recognized as an ongoing process that needs flexibility from both migrants and host societies. Stakeholders such as governments – who hold overall responsibility for the development of effective policy frameworks – business, employers, unions, migrant associations, public and private intergovernmental and non-governmental institutions, all have profound interests in migration, and each brings a distinct outlook and approach to quantifying the challenges and potential of migration.

29. By taking into account this diversity of perspectives on the costs and benefits of migration today, as well as of the potential it holds, strategies can be developed to ensure maximal value from increasing levels of migration around the world. If addressed in a managed and cooperative manner through planned and direct policy intervention, the benefits of migration can outweigh the costs for both individual migrants and countries of origin and destination alike.

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<sup>10</sup> IOM, 2004, “The Impact of Immigration on Austria’s Society.”