

## ***International Immigration***

EC246 INTERNATIONAL TRADE INSTITUTIONS AND POLICY

ID Number: 1905358

### **1. What are the main determinants of migration between countries?**

Immigration has become common in the world where several people from one country to another for several reasons. According to Arif (2020), international migration is determined by three factors: social, economic, and political factors of both the receiving and host nations. Out of the three factors, economic, social, and political factors exert a pull force for migrants, while economic and political factors are perceived as the major push factors (Arif, 2020). Pull factors make the destination country attractive to immigrants, whereas push factors send immigrants away from their host nations. Therefore, it is conclusive to say that people may be tired of the push factors in their country and want to break from them. Another person may be attracted by the pull factors of the destination country and wants to move. In most cases, international migrants are swayed by the pull factors. The states themselves determine all these factors, so a nation might attract more migrants while another might be hostile, and its citizens may want to move away from it.

Starting with the push factors, inadequate medical care and infrastructure in the host nation may make its citizens want to move away. Poor medical infrastructure is contributed to by a wider ring of lack of social amenities, which always makes immigrants question why their governments exist. Another push factor is when the host countries offer few job opportunities for their countries with deteriorating economic policies. Declining economic policies are the cause of the loss of job opportunities that would increase unemployment and the poverty rate in a country. Immigrants would then be fed up with these conditions, and the failure of the government to heed their calls would see them seek residences in other neighboring countries. Fear of torture or

mistreatment may force a person to immigrate. For example, standing out against injustices in authoritarian governments such as China has seen several activists migrate. A good example is Chinese contemporary artist Ai Weiwei who fled China after police harassment due to his activism and vowed never to return (Hattenstone, 2020).

Another push factor is religious discrimination. This type of discrimination contributes to immigration to and from destination countries. Religious discrimination is a social push factor that has begun taking center stage in the past decade. Religious discrimination overlooks even the skilled migrants in destination countries, which contributes to widespread unemployment even though these people might have migrated to such a country because of the greener pasture notion that there are many job opportunities abroad (Esses, Bennett-AbuAyyash and Lapshina, 2014). The only left for them to realize the harsh reality that immigrants with their religious background are not favored in the labor market. In the host country, the holy war is taking a toll on the resident citizens targeted from all aspects. For example, the jihad war has painted Muslims so evil that there is prejudice and stereotypes against them being terrorists. They, therefore, have to go to a country where their religion is accepted and not discriminated against.

In pull factors, the first is the numerous job opportunities a country may offer to the immigrants of countries with no job opportunities. The job opportunities create a lucrative income per capita that is attractive to immigrants (Ortega and Peri, 2013). Countries like America, which are perceived as the world's largest economies, attract several immigrants because of this trait. President Joe Biden recently raised the minimum wage in America to \$15 per hour (Biden raises the minimum wage for federal contractors

to \$15 an hour, 2021). This wage rate is above several countries whose people live below \$1 a day. Therefore, a person would be willing to immigrate to America regardless of the repercussions and the dangers of earning that minimum wage in America. Wealthy people also immigrate to other countries hoping that they would find better investment environments than the ones provided by their host countries. This mostly hurts the third world countries, leaving them with no prospects of economic growth or recovery since jobs are created by their own in other well-established economies.

People also migrate to have a better educational infrastructure; this often occurs for the rich and those who receive scholarships to further their education. Most third-world countries believe that the teaching set up in developed countries is better than theirs infrastructure-wise. They, therefore, look for the financial means to study 'abroad' as it is popularly known. Lastly, people escape from war zones to become refugees in countries with better economic stability. Most native countries might see an influx of their citizens out of their countries; one good example is Somalia that has been at war since the onset of Al-Shabaab and is not yet close to seeing peace. Most of its citizens have now emigrated to nearby Kenya, Ethiopia, and Tanzania, stable and have not seen war in the past century. There are also asylum seekers whose native countries have been banished for crimes they committed (Hatton, 2016). They are also likely to emigrate and change their citizenship.

## **2. Why are the potential worldwide gains from moving to free international migration so much more significant than moving to free trade?**

The benefits of more unrestricted international migration outweigh those of free trade because free trade is limited due to its economic viability on the developed nations and

the services it offers to the developing nations. The destination countries enjoy the gains from more unrestrained migration, native lands, and immigrants. The first benefit is that of the returns based on actual income that free migration earns the immigrants and their native countries. This aspect shows that the economic feasibility of international migration is greater than that of free trade. The gains from increased free migration to higher-income countries are so huge that the world poised the real incomes to be at \$139 billion for natives of higher-income regions (World Bank, 2006). The actual payment of immigrants from developing countries has also seen a sharp increase since their countries' currencies are perceived to be weaker against the superior American dollar. This makes their income far much better than those who have remained in the native countries.

The huge increases in real income have also seen the number of remittances to native countries massively increase. Relative to what new immigrants earn in native countries, earnings in destination countries had reached approximately \$481 billion, which might have now increased due to the time value of money (World Bank, 2006). Studies have shown that a person's spending habits change with a change in income. Still, considering that a person who earns a \$200 monthly salary in their native country moves to a country where they make at least \$1500. The spending habitats remain constant; they will stay with a significant amount to send back home to their dependents, parents, and siblings. An increase in remittances means that the native country would now tax payments from the diaspora, thereby increasing their revenue. The people receiving the remittances will also have a source of income, which improves their living standards; they would now have meals to place on the table and have money to cater to education. People working in

destination countries might also decide to invest in their home countries, thus creating jobs and improving the economic condition of the native land.

The impact that international immigrant has on international trade is almost negligible. The US signed a free trade agreement between Canada and Mexico to reduce immigrant's rate of entry into the US (World Bank, 2006). This has, however, not deterred people moving into the US illegally from doing so. The rate of Hispanic migrants has been increasing over the years, with 2021 seeing a 71% increase in the number of illegal migrants from Mexico (US-Mexico border sees 71 percent increase in migrant crossings, 2021). An increase in remittances from migrants has been seen to contribute to a minimal increase in the free flow of trade goods on a global platform (World Bank, 2006). Migration is the critical changer of regional economies because it sets the precedence for the purchasing power of the native countries and export power. This is unlike free trade, in which banks balance imports and exports imposed by the international immigration rates.

Immigration is also a player in the shift existing in the labor market. A study by World Bank revealed that “The share of skilled workers in total migrants is larger in the shock than in actual migration over the recent past. A large proportion of skilled workers will find employment in nontrade sectors, for example, as doctors and nurses rather than in producing traded goods” (World Bank, 2006). This, therefore, implies that free trade will not have much impact as free immigration because the contribution of skilled and unskilled labor outweighs the benefits of free trade. Lastly, remittances provide the native countries with the opportunity to dictate whether to export or import, unlike free trade. With an increase in remittances, the number of imports will directly increase imports into

a native country. The number of imports is expected to increase due to the rise in the balance of the current accounts caused by an influx of remittances from immigrants in high-income countries with low-income countries as their native countries.

Generally, the benefits of free immigrants would outweigh the benefits of free trade in an economic aspect. First and foremost, free trade is only effective between countries with mutual gains from the signed pacts. A good example is China and the US. China offers an unbeatable labor market, and almost all manufacturing industries owned by US tycoons are situated in China. That is why Apple products will be designed in California but manufactured in China. What if the winds change and a quarter of the Chinese population immigrates to the US? This is for both skilled and unskilled labor. The US would consider their free trade deals with China since they can now meet the labor requirement threshold they so lacked, making them desperate for china. Immigration, therefore, would also have benefits that outweigh those of free trade. In the end, the barriers to immigration from developing and developing countries are the most significant distortions to the global economy (Clemens, 2011). Barriers to emigration are primarily likely to cost world economies in the long run, unlike free trade.

### **3. Pros of immigration to native and destination countries**

Net Benefit to government revenue is the ultimate gain from the influx of immigrants who provide labor to the industry. Destination countries are likely to reap more unrestrained immigration as they will receive labor in the complete package, both skilled and unskilled. Free immigration will therefore prove attractive to highly educated migrants who form part of the professional workforce. The labor inflow provides them with a cheaper alternative than they had in their labor force. Immigrant labor is usually

inexpensive, with the wages they are paid trickling down to less than 70% of the wages paid to the native workforce (Price, Lehn, and Wilson, 2020). An increase in labor also means that the destination country has a lot of tax from incomes. At the same time, the companies can use it to increase their revenues while maintaining labor costs relatively low. Government spending might also supplement with a potential for investment in infrastructure that would help create more companies as labor may now be cheap.

The destination country is also likely to gain from economic growth as potential entrepreneurial brains immigrate to them. This form of emigration is usually preferred by those moving from high-income to low-income areas. For example, a tycoon might decide to set up a cement factory in sub-Saharan countries because they have many limestones. Another company may move to Congo and set up a mining firm because Congo is rich in Gold and Coltan, a rare mineral used in mobile phone components. Setting up these companies helps the destination countries reduce unemployment by providing job openings in the setup companies and spurs the country to economic growth since they would now be earning export revenue from the trade of the minerals that have a global demand. An increase in exports strengthens the host countries currency against the other strong world currencies.

The gains that immigration might bring to the native country heavily rely on remittance from the money sent back home by immigrants. The remittance increases the purchasing power of the native land as it increases the current balance accounts. An increase in purchasing will lead to increased importation of goods which would have been otherwise difficult to get. The money sent back to the dependents also improves their living standards as they would be able to afford most of the basic amenities and live



a modest life. The native country, which is home for the immigrants, benefits solely from the remittance sent back home. The native governments tax the remittance and gain revenue. The immigrants also earn but only through the reasons why they are immigrating. Immigrants running away from war and discrimination will find peace in a new home as a refugee. The immigrants also get jobs which improving their standards of living.

#### **4. Cons of immigration**

To the native country, immigration denies them the much-needed brain that is essential for solving many problems. The brain drain, especially in Africa, has seen Africa remain with access to only 35 of the medical personnel with a minimal financial resource of 1%. Yet, African doctors exist in most European countries (Pettinger, 2019). The brain drain costs the native nations, especially after they have trained their citizens. Still, the trained and educated citizens opt for greener pastures in developed countries, which pay more than five times the salaries. The migrants might face discrimination as they move to a multicultural society in developed countries. Other destination countries such as South Africa have gone to the lengths of witnessing xenophobia on non-citizens who the citizens of the destination country feel are taking their jobs (South Africa: Widespread Xenophobic Violence, 2020). Xenophobia is a coordinated and targeted attack that aims at throwing foreigners out of a destination country where they went to look for greener pastures.

The destination country is the one that gains a lot from the free international immigration policies in case it is implemented. Apart from an imbalance in the wage structure, the destination country embraces cultural diversity, which is good for a nation,

albeit that type of diversity fostering racial and ethnic discrimination. The destination country receives cheap labor, which keeps its industries running in a cost-effective structure. The least that earns in this model is the native country as the immigrants can only send back money to the dependents while the government. In turn, the host country will suffer from brain drain on different levels even after investing in the education of its citizens. Lastly, the immigrants benefit second after the destination country. Be it the asylum seekers, refugees, or illegal immigrants, most of them get what they want and are sure of a good earning job. The gains by the destination country are the reason why there is so much resistance to the liberalization of migration (Ejermo and Zheng, 2018). The opposition believes that the destination country only picks what suits them and leaves the rest of the skilled labor out, thus putting several migrants, whether legal or illegal, and without a home exposed to huge risks.

**5. Could the barriers to immigration be reduced by introducing a framework for international migration along similar lines to that of the GATT/WTO for trade? Would the same arguments apply to refugee migration?**

The WTO for immigration, in my case, can work and should not exist. The main reason is that immigration is driven by absolute advantage, unlike the case in trades which solely relies on comparative advantage (Hatton, 2007). In immigration, a host country has ethical consideration when selectively accepting refugees into their country while refusing to rest. A good example is Donald Trump, who stated that he would stop immigrants from entering the US. The first group of immigrants to be denied entry were Muslims from warring countries because they viewed them as terrorists. Trump also called Mexican immigrants drug dealers and never wanted them to enter American soil.

The use of the WTO framework for immigration contributes to the liberalization of immigration, making it a barrier to migrants. When looking at a WTO framework, there is no ethical way to determine the suitability of an immigrant to enter a particular country which makes the framework, not a viable solution. No matter the degree of danger the destination country is faced with. Choosing between a humanitarian function should never be an option; this is what a WTO framework suggests.

A framework might also not be practical because there is no symbiotic relationship when handling immigrants. There are bilateral trade agreements in trade frameworks that are meant to benefit the countries signing the pact. For example, in the European trading block, the member states move freely within the members of the union and the tariffs charged on their good is much lower than that charged for non-member states. When it comes to immigration, the framework aims to strike a balance between the native and Destination country, which is inapplicable. The destination country would either have to deport the illegal migrants, give asylum to asylum seekers and give refugees the so much-needed shelter. There is no balance required to handle immigrants. WTO frameworks are thus only applicable to trade frameworks that require amicable solutions rather than humanitarian solutions.

When it comes to refugees, handling them is a different and challenging task. Therefore, a WTO framework, instead of getting rid of the barriers, causes an obstacle in its use. When looking at refugees, there go to a country as they run away from different factors; this is war and such for jobs and proper social amenities. Most refugees do not have alternative options when moving into host countries; they only have a single vote. Implementing a framework would mean that those deemed unsuitable to enter into the

destination country are turned away. But where will they go? Should they go to the warring country they are running away from? Or should they go back to living without health infrastructure and no social amenities? Therefore, refugee handling is a complex situation that should be carried out in conjunction with several stakeholders who help outline the proper channels to handle the humanitarian crisis at hand.

### References

- Aljazeera.com. 2021. *US-Mexico border sees 71 percent increase in migrant crossings*.  
 [Online] Available at: <<https://www.aljazeera.com/news/2021/4/8/us-mexico-border-sees-71-percent-increase-in-migrant-crossings>>.
- Arif, I., 2020. The determinants of international migration: Unbundling the role of economic, political and social institutions. *The World Economy*, 43(6), pp.1699-1729.
- Clemens, M., 2011. Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?. *Journal of Economic Perspectives*, 25(3), pp.83-106.
- CNBC News. 2021. *Biden raises minimum wage for federal contractors to \$15 an hour*.  
 [online] Available at: <<https://www.cnbc.com/2021/04/27/biden-raises-minimum-wage-for-federal-contractors-to-15-an-hour.html>>.
- Ejermo, O. and Zheng, Y., 2018. Liberalization of European migration and the immigration of skilled people to Sweden. *IZA Journal of Development and Migration*, 8(1).
- Esses, V., Bennett-AbuAyyash, C. and Lapshina, N., 2014. How Discrimination against Ethnic and Religious Minorities Contributes to the Underutilization of Immigrants' Skills. *Policy Insights from the Behavioral and Brain Sciences*, 1(1), pp.55-62.
- Hattenstone, S., 2020. *Ai Weiwei on his new life in Britain: 'People are at least polite. In Germany, they weren't'*. [Online] The Guardian. Available at:

<<https://www.theguardian.com/artanddesign/2020/jan/21/ai-weiwei-on-his-new-life-in-britain-germany-virtual-reality-film>>.

Hatton, T., 2007. Should we have a WTO for international migration?. *Economic Policy*, 22(50), pp.340-383.

Hatton, T., 2016. Refugees, Asylum Seekers, and Policy in OECD Countries. *American Economic Review*, 106(5), pp.441-445.

Human Rights Watch. 2020. *South Africa: Widespread Xenophobic Violence*. [Online] Available at: <<https://www.hrw.org/news/2020/09/17/south-africa-widespread-xenophobic-violence>>.

Ortega, F. and Peri, G., 2013. The effect of income and immigration policies on international migration. *Migration Studies*, 1(1), pp.47-74.

Pettinger, t., 2019. *Diagnosing Africa's medical brain drain*. [Online] Africa Renewal. Available at: <<https://www.un.org/africarenewal/magazine/december-2016-march-2017/diagnosing-africa%E2%80%99s-medical-brain-drain>>.

Price, J., Lehn, C. and Wilson, R., 2020. The Winners and Losers of Immigration: Evidence from Linked Historical Data.

World Bank, 2006. *The Potential Gains from International Migration: Global Economic Prospects*. [Online] Documents1.worldbank.org. Available at: <[http://documents1.worldbank.org/curated/en/507301468142196936/841401968\\_2005103190201050/additional/343200GEP02006.pdf](http://documents1.worldbank.org/curated/en/507301468142196936/841401968_2005103190201050/additional/343200GEP02006.pdf)>.