

Migration and Development and Migration as Development

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Migration and Development: Four Hard Issues

- Migration as Development—Income Per Natural
- Hard-core ghost countries?
- Bias in development due to research priorities in rich countries
- Brain Drain
- When does the median voter stop opposing migration from poor countries?

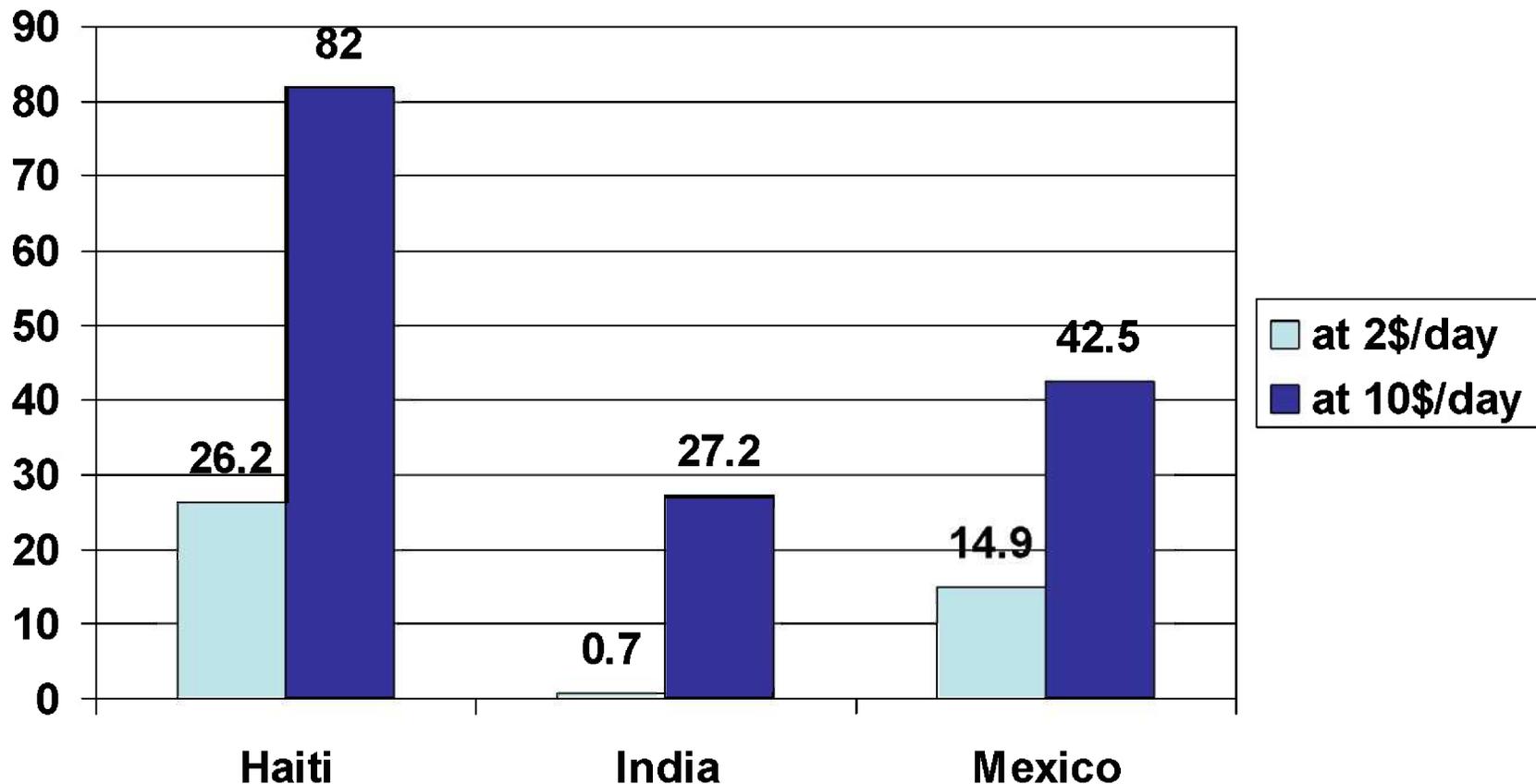
In many cases those who escape poverty do so by moving

Table 3: Nonpoor people residing in origin country and in the United States, by country of birth

Country of birth	Population (millions)			Nonpoor (millions)						% of all nonpoor residing in US
	At origin	In US	Total	At origin	% nonpoor	In US	% nonpoor	Total	% nonpoor	
<i>Poverty line \$1/day</i>										
Haiti	7.9	0.6	8.5	3.5	44.0%	0.6	96.0%	4.1	47.7%	14.1%
India	1015.9	1.3	1017.2	631.7	62.2%	1.3	97.7%	633.0	62.2%	0.2%
Mexico	98.0	13.1	111.1	90.8	92.7%	12.7	96.8%	103.5	93.1%	12.3%
<i>Poverty line \$2/day</i>										
Haiti	7.9	0.6	8.5	1.6	20.2%	0.6	95.1%	2.2	25.4%	26.2%
India	1015.9	1.3	1017.2	175.8	17.3%	1.3	97.4%	177.0	17.4%	0.7%
Mexico	98.0	13.1	111.1	73.4	74.9%	12.6	96.0%	86.0	77.4%	14.6%
<i>Poverty line \$10/day</i>										
Haiti	7.9	0.6	8.5	0.1	1.4%	0.5	81.9%	0.6	7.0%	82.0%
India	1015.9	1.3	1017.2	3.2	0.3%	1.2	93.4%	4.4	0.4%	27.2%
Mexico	98.0	13.1	111.1	13.4	13.7%	9.9	75.5%	23.3	21.0%	42.5%

Poverty headcount estimates from 2001 (Haiti), 1997 (India), and 2000 (Mexico) are from the World Bank's Povcalnet. US-resident population and income estimates for 1999 are from the US Census 5% Public Use Microdata Series for the year 2000. Following standard practice, the "\$1/day" standard is \$32.74/month, "\$2/day" is \$65.48/month, and "\$10/day" is \$327.40/month. "% of all nonpoor residing in US" means the percent of the nonpoor who collectively reside in either the country of origin or the United States who reside in the United States.

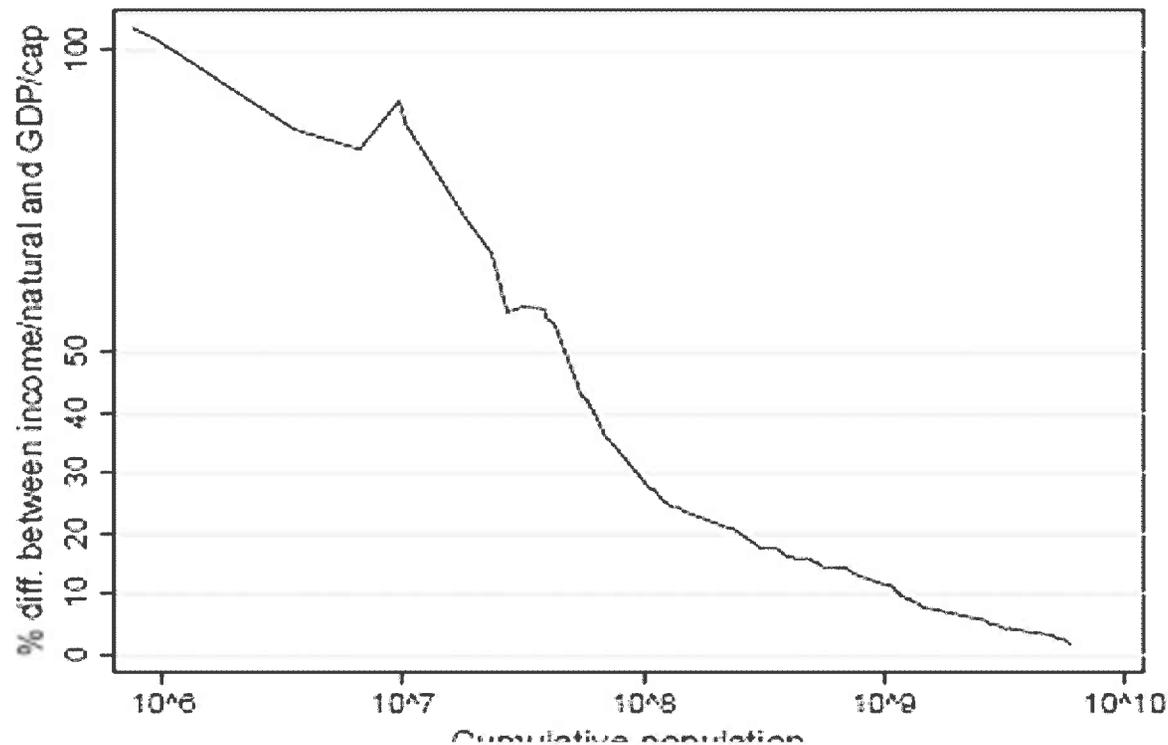
Percent of non-poor residing in the USA (at global and US poverty lines)



There are countries of cumulatively 100 million people for whom income per natural exceeds GDP per resident by 30 percent

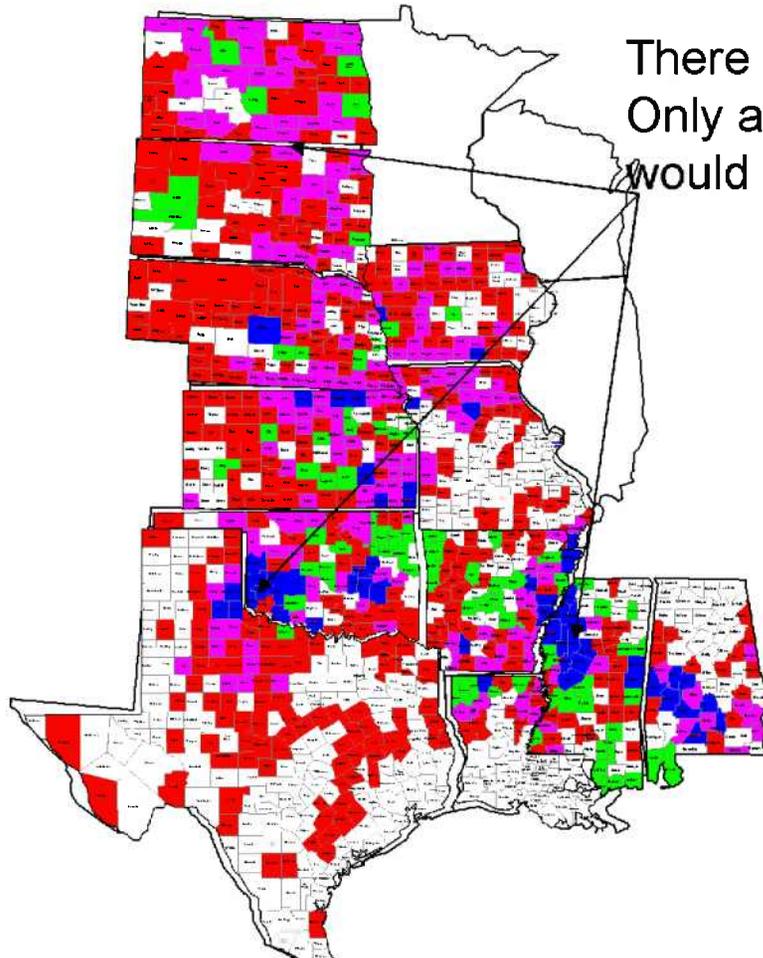
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Figure 3: Difference between income per natural and GDP per resident in a cumulative population ordered left-to-right by the single-country percent difference



Population mobility has been an adjustment to changing circumstances

Red=County Declined; Net Decline between 0 and 5,000
Purple=County Declined; Net Decline between 5,000 and 10,000
Blue=County Declined; Net Decline greater than 10,000
Green=County Increased by more than 10,000



There are regions of the USA with
Only a third the population they
would have had without outward migration

The proliferation of sovereigns plus labor immobility

- *International* system is premised on closed borders.
- There is not compelling reason to believe that all borders were drawn so as to include an economically viable and prosperous region.
- If you trap labor in places with declining demand you produce falling wages.

Are the nurses of the future Robots or Rosalie?



The historically huge decrease in the cost of capital and the rise in returns to education—unskilled labor is threatened by skill biased technical change—lack of labor mobility exacerbate this problem?

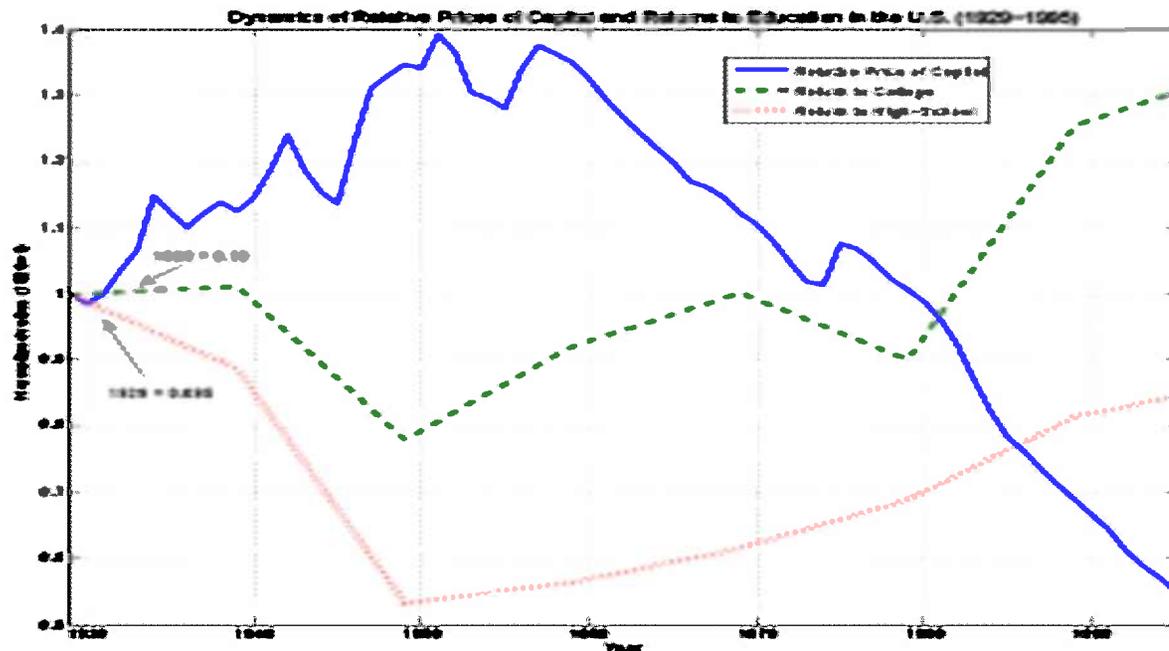


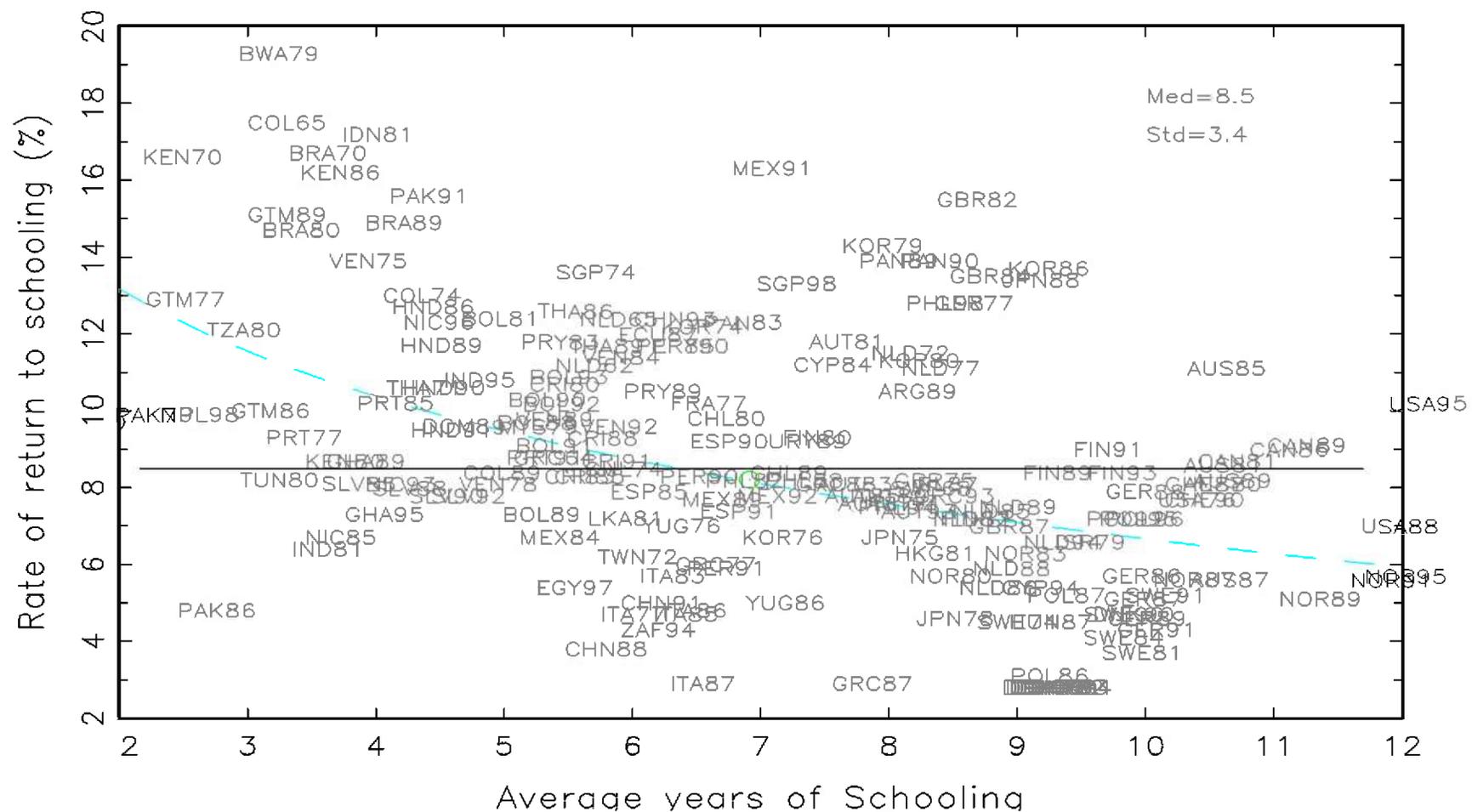
Figure 4: The figure depicts the dynamics of the relative prices of capital and the returns to education from 1929-1995 in the U.S. economy. Source: Cummins and Violante (2002) and Goldin and Katz (1999).

Bias in research

- The *one* thing we know about “poverty reducing economic growth” or “inclusive growth” is that it is *labor intensive*.
- Much technological progress is unskilled labor displacing (e.g. ATMs, automated check-out) because plentiful high skill and cheap capital plus border restrictions—labor saving technical change
- Potentially a more serious impediment to development than any other research bias (e.g. in medicine)

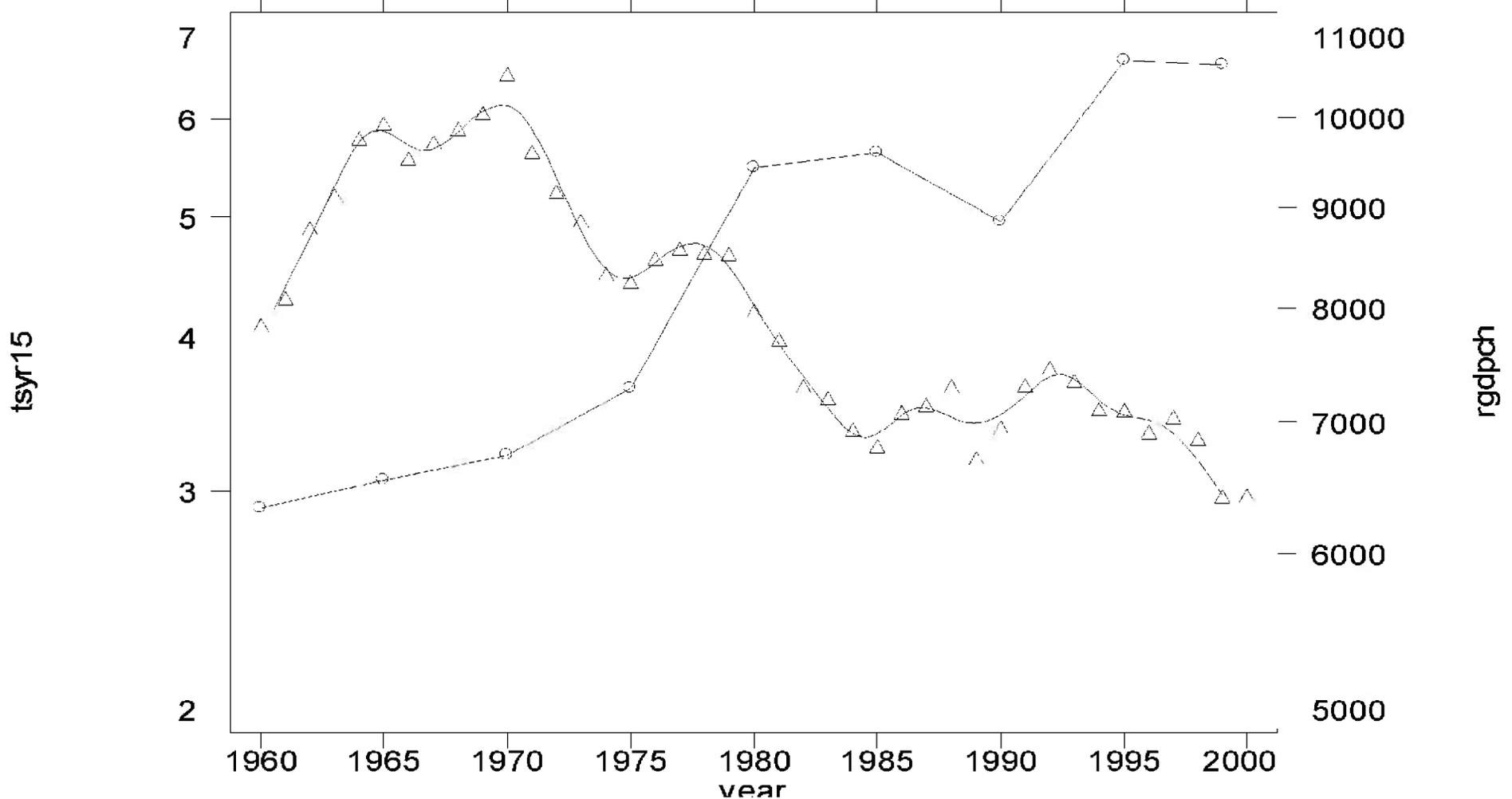
Brain Drain: high private returns but mixed evidence on growth impact

Figure 6: Estimates of the return to schooling and years of schooling (Observations identified with country code and year of study)



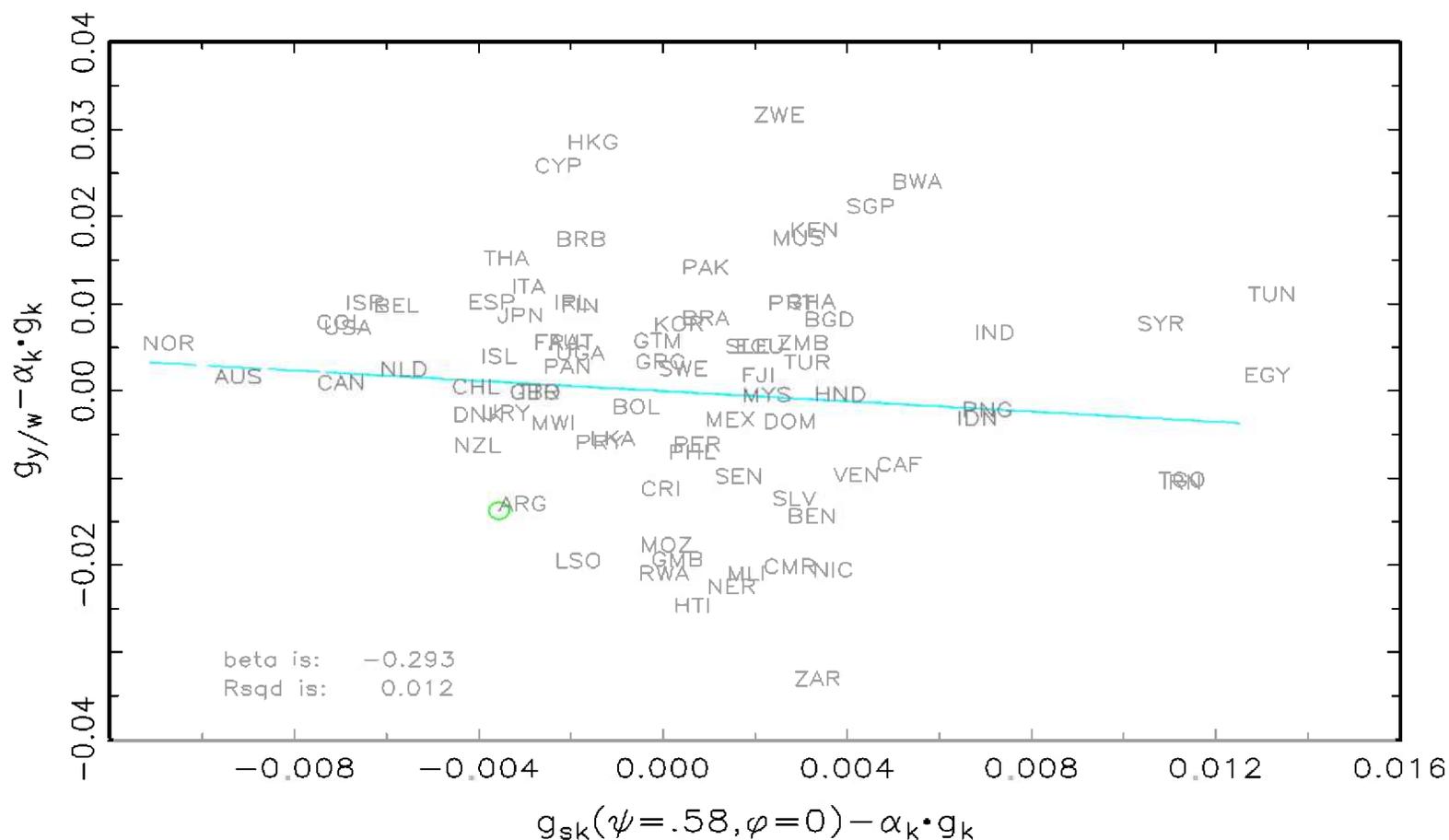
In environments with poor economic conditions more human capital does not lead to growth

Figure 1a: Schooling and GDP per person in Venezuela

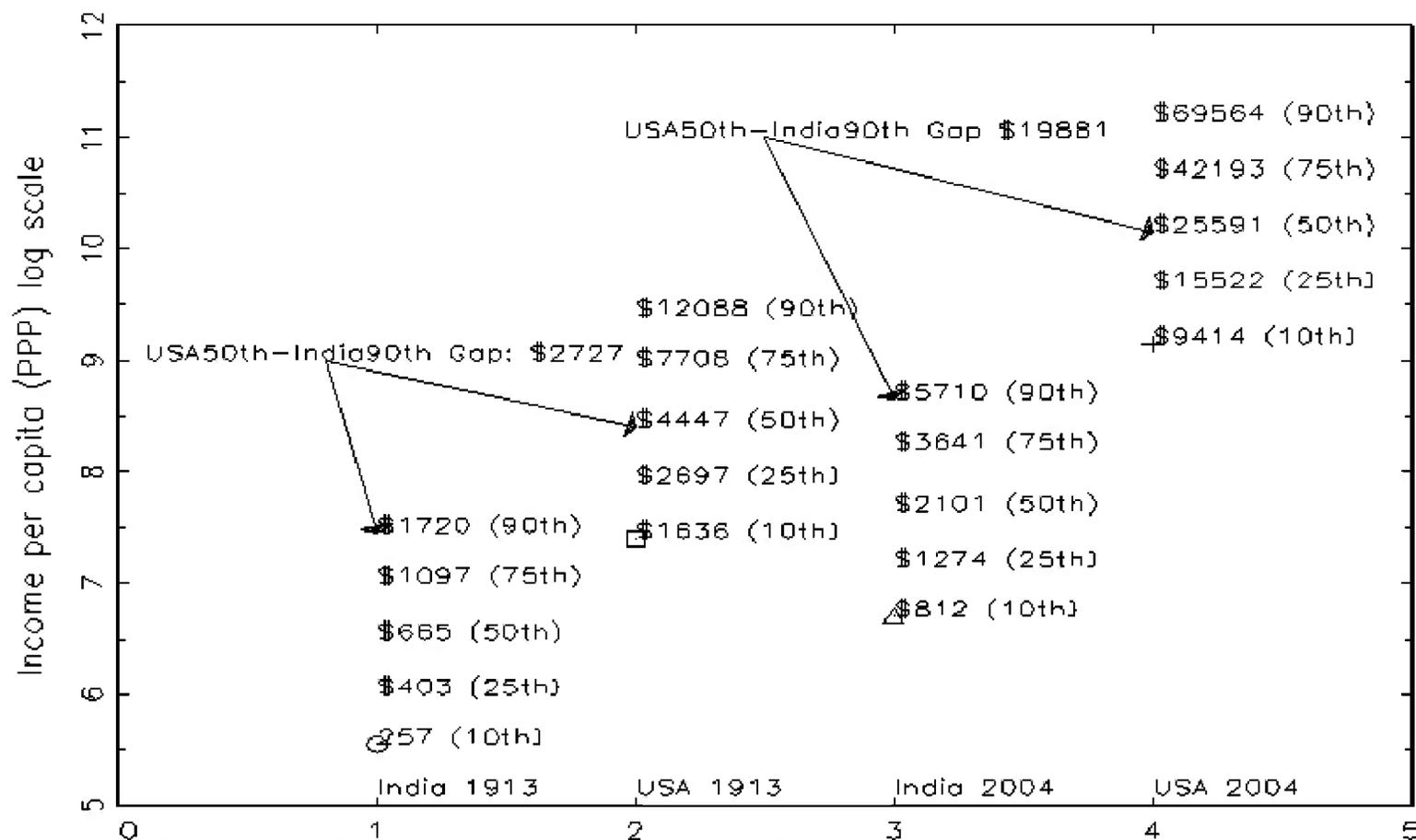


In environments with poor economic conditions more human capital does not lead to growth

Figure 10c: Partial scatter plot, growth output per worker and growth in schooling capital ($\psi=.58, \varphi=0$)



While voters closed borders in the early 20th century, the huge historical spread in incomes raises the question: are the median voter in rich countries and an unskilled migrant still really substitutes?



Source: Author's calculations with many assumptions

Five hard questions

- Is migration *itself* development?
- Are there ghost countries, and if so, how can they be handled?
- How can one mitigate the damage of labor displacing innovation created by barriers of labor?
- Is Brain Drain a problem when it is draining from countries where it is under utilized?
- When does the median voter become pro-migration?