Migrants facing crisis: return migration or riots?
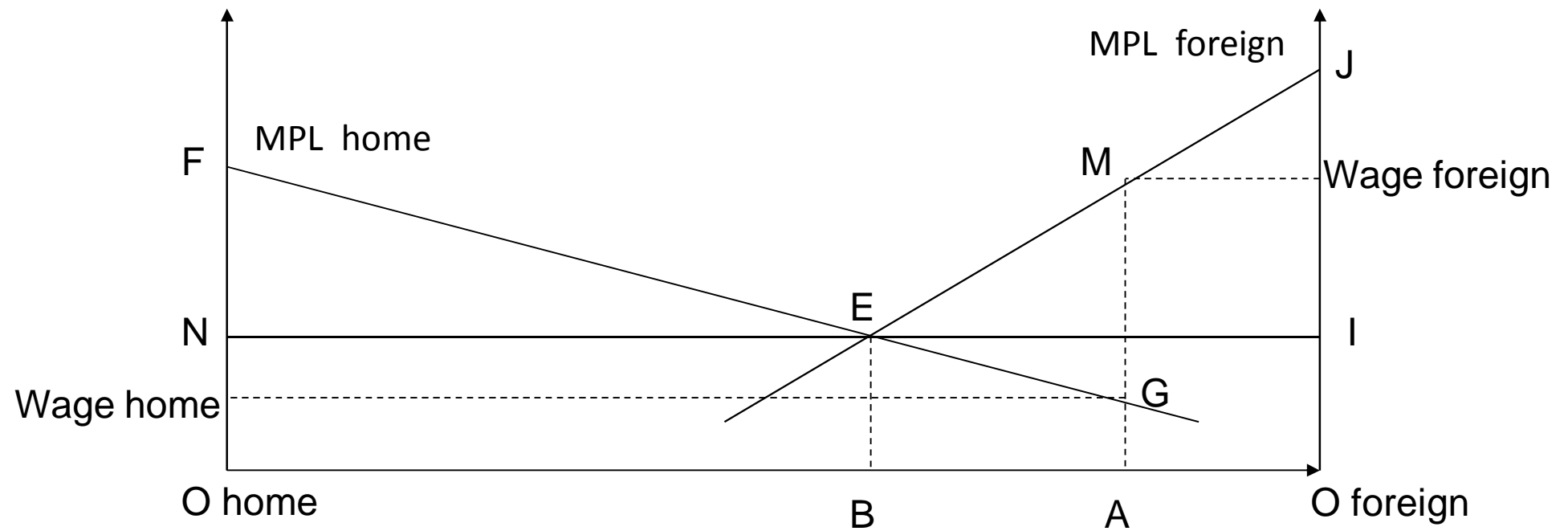
Michał Szwabe

Warsaw School of Economics
Institute for International Economics

Presentation plan
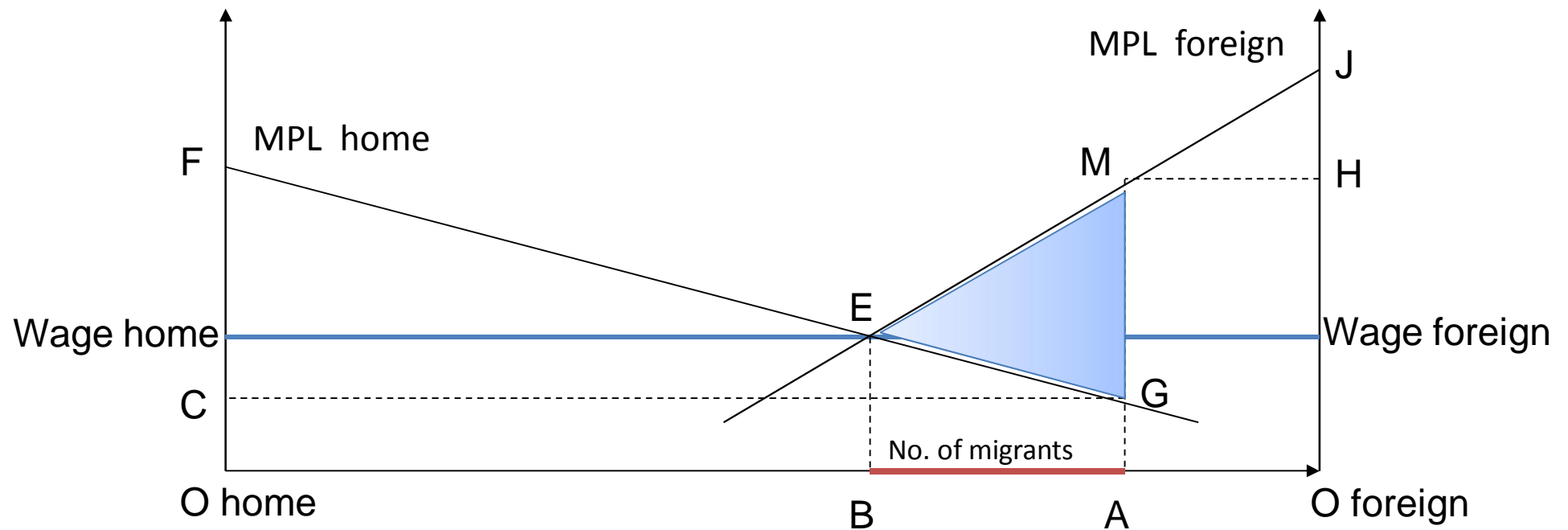
˝ Neoclassical theory of labour migration

˝ Destination points of international migrants

˝ Reasons behind migrants' spatial segregation

˝ Immigrants in the time of economic crisis

˝ Economic cycles vesrus migration flows - past and present

˝ Migration polices revised

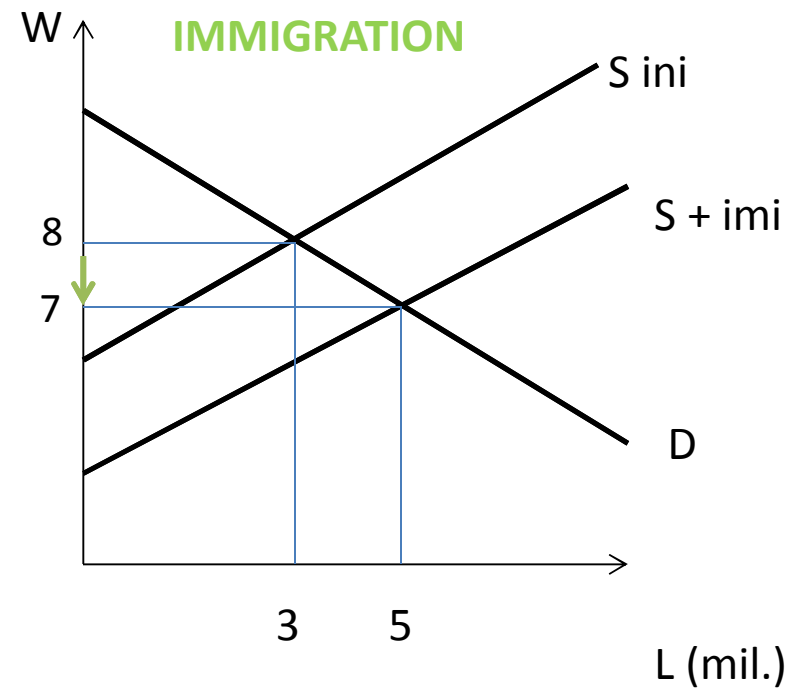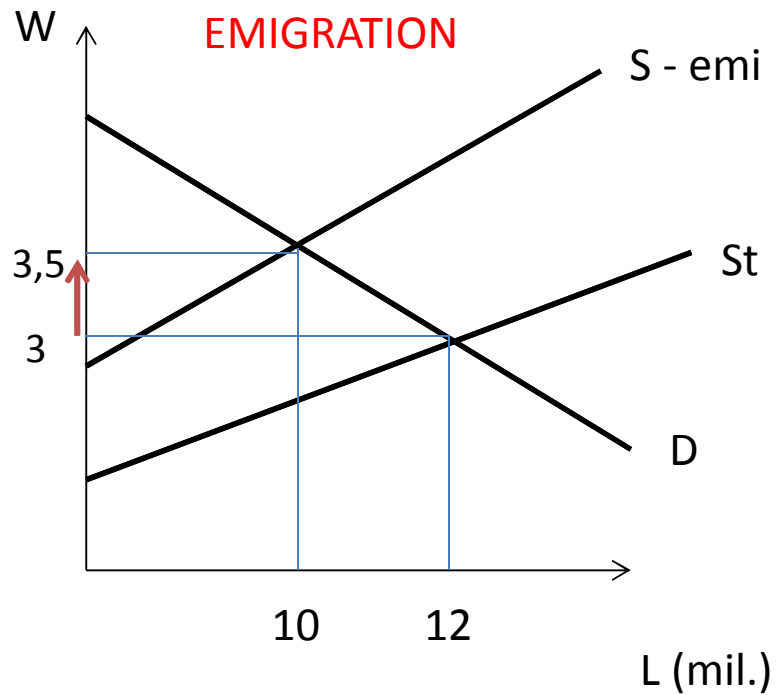# The neoclassical model (Todaro 1969)

Wage differentials as migration incentive

The neoclassical model (Todaro 1969)

Wage differentials as migration incentive

The neoclassical model (Lindert, Kindleberger 1982)

Wage differentials as migration incentive

Destinations points of international migrants

˝ Ravenstein's migration rights (Ravenstein 1889)

˝ World system theory (Wallerstein 1979)

Migrants proceed to the world's biggest centers of commerce and industry
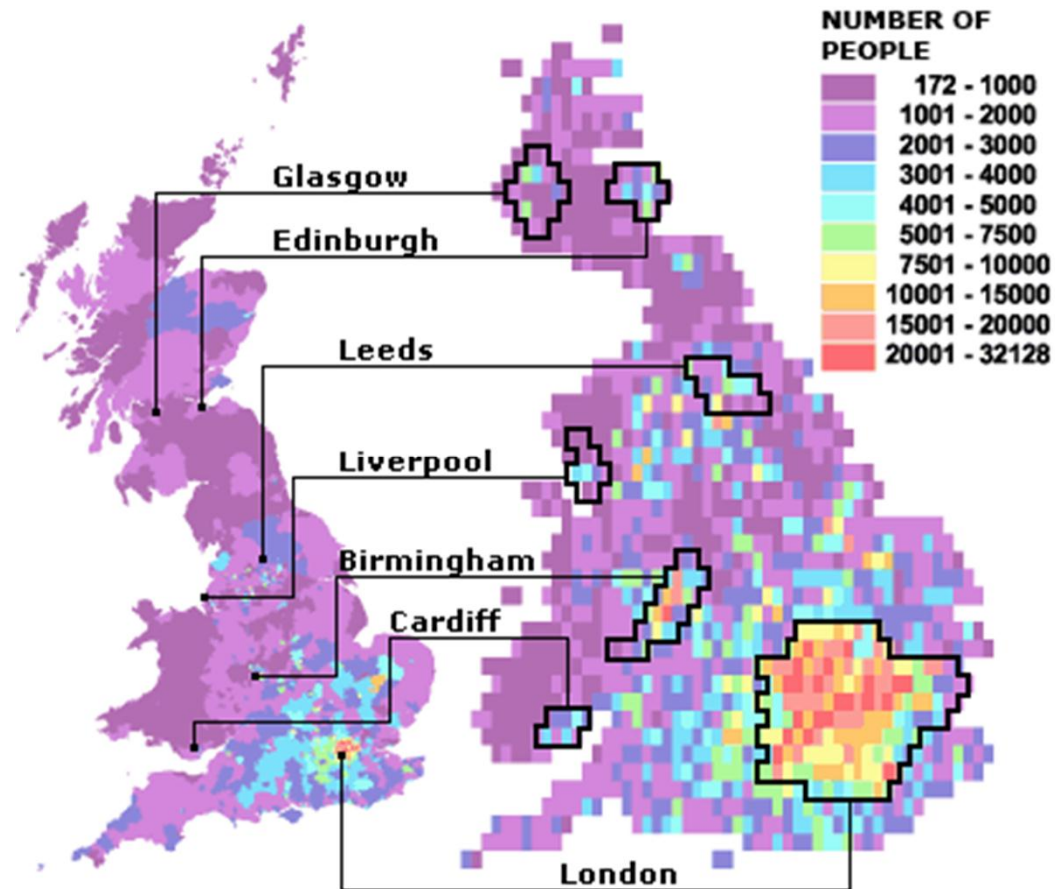
˝ Dual labour market theory (Doeringer and Piore 1971)

Migrants are most likely to find employment in the secondary sector

˝ Migrant networks (Massey 1987)

Significant role of migrant networks in choosing the destination city

UK: cities with the highest number of foreign – born residents

Migrants proceed to the biggest centers of commerce and industry

World: cities with over 1 mln foreign born residents

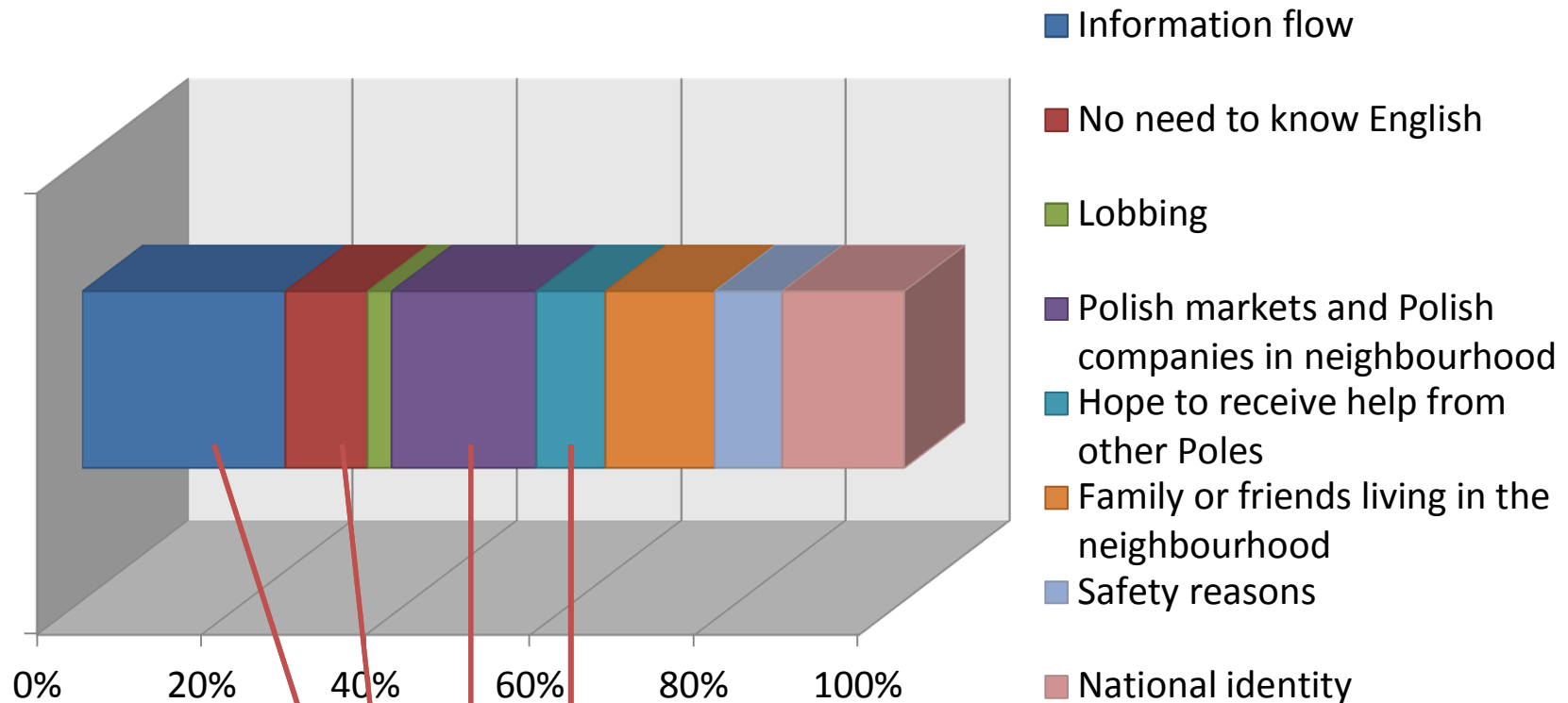| City	total GDP mld USD PPP	Total GDP rank	GDP per capita (thousands USD PPP)
Chicago	574	4	63,3
Dallas	338	12	69,5
Hong Kong	320	14	44
Houston	297	17	65,8
London	565	6	65,8
LA	792	3	62,9
Miami	292	18	51,6
Moscow	321	25	30,7
NY	1406	2	73,3
Paris	564	5	56,9
San Francisco	301	15	86,5
Sydney	213	26	48,9
Toronto	253	21	47,7
Washington	375	10	85,5

Migrants proceed to the world's biggest centers of commerce and industry

Reasons behind migrants' spatial segregation

˝ limited financial resources

˝ migrant networks

. to reduce transaction costs (Coase 1960)

. to reduce sense of relative deprivation (Stark and Taylor 1991)

. to gain access to information flows

The willingness to segregate from native residents results from the economic reasons and it is coherent with reasons for migrating.
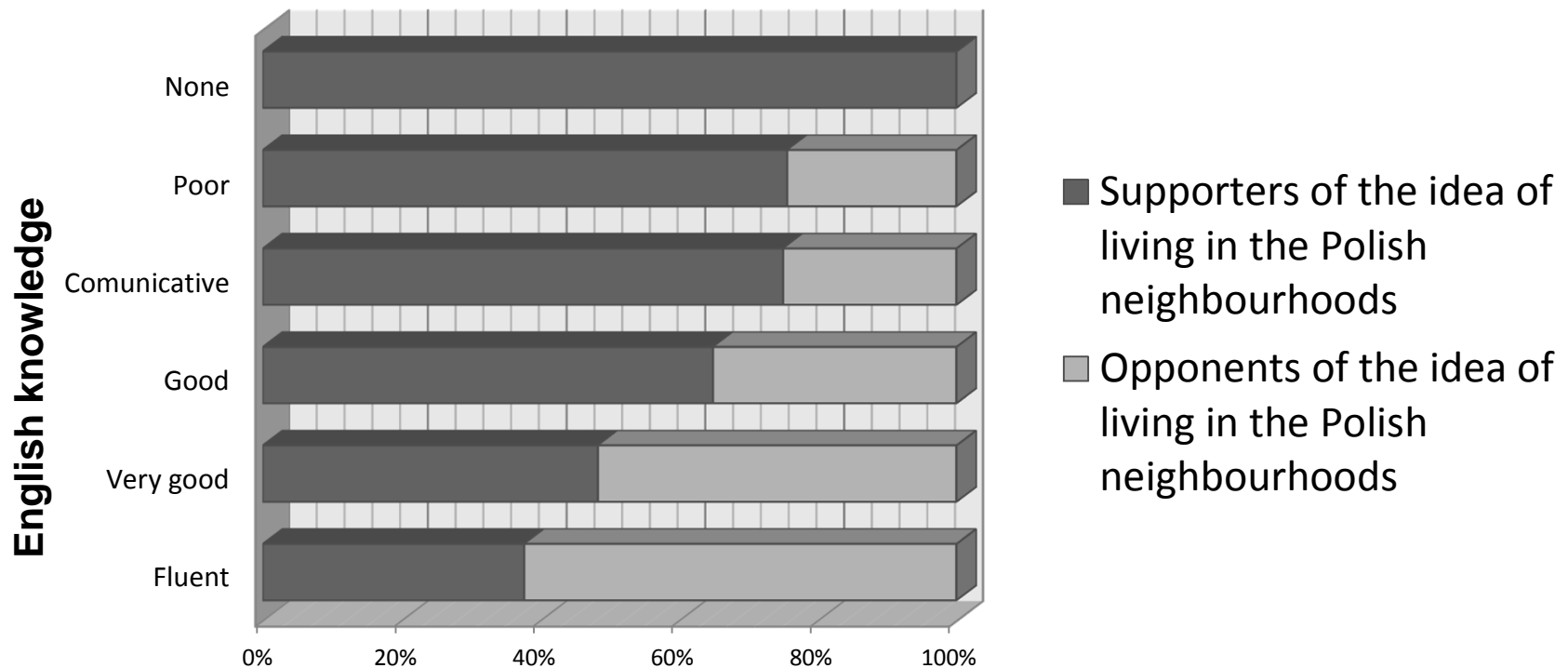
Reasons behind migrants' spatial segregation

Legend:
- Information flow
- No need to know English
- Lobbing
- Polish markets and Polish companies in neighbourhood
- Hope to receive help from other Poles
- Family or friends living in the neighbourhood
- Safety reasons
- National identity

Source: author's own research

˝ **The tendency to reduce transaction costs as a reason for migrants' spatial segregation**
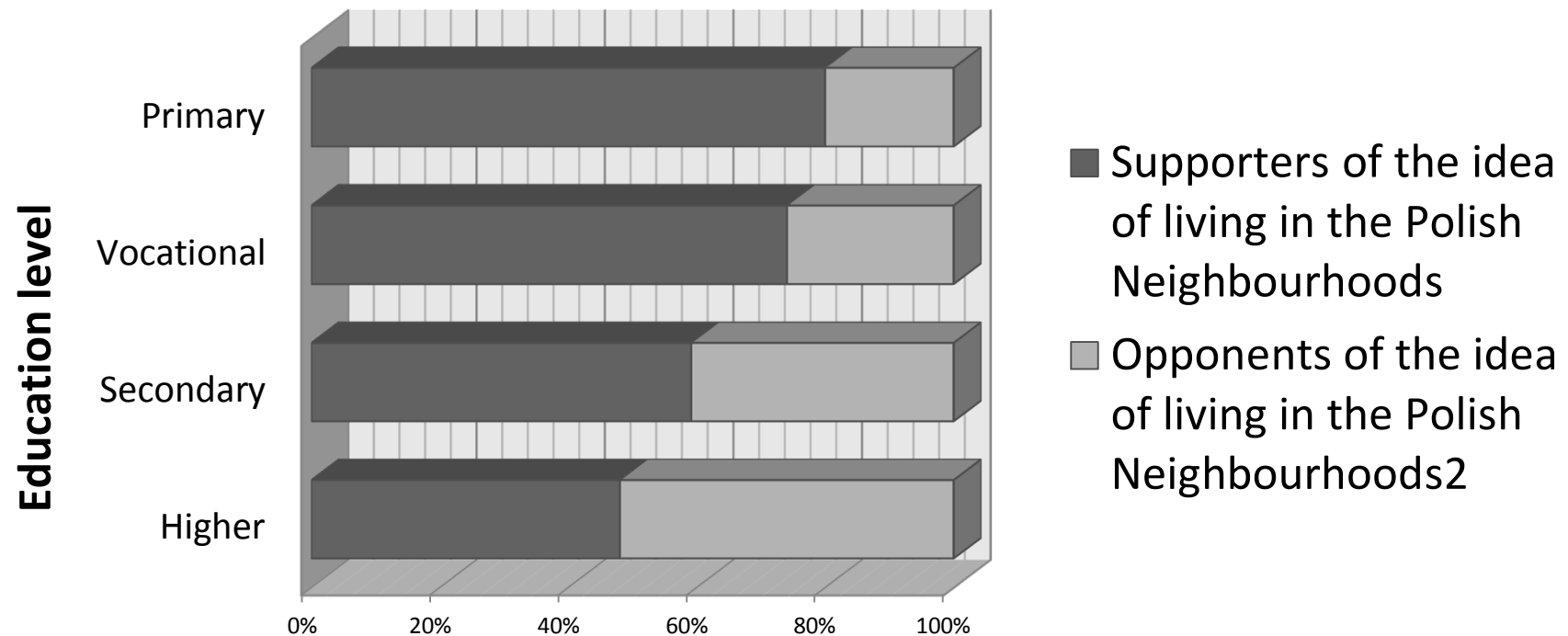˝ **Significance of information flows**

Reasons behind migrants' spatial segregation

Source: author's own research

The tendency to segregate versus the level of English language profficiency

Reasons behind migrants' spatial segregation

Education level

- Primary
- Vocational
- Secondary
- Higher

0% 20% 40% 60% 80% 100%

■ Supporters of the idea of living in the Polish Neighbourhoods

■ Opponents of the idea of living in the Polish Neighbourhoods2

Source: author's own research

The tendency to segregate versus the overall level of education

Immigrants in the time of crisis

˝ Concentration in the low-skilled, secondary sector

˝ Lay-offs during economic cisis according to the dual labour market theory

˝ Concentration in the sectors vulnerable to business cycle fluctuations (Papademetriou and Terrazas 2009)

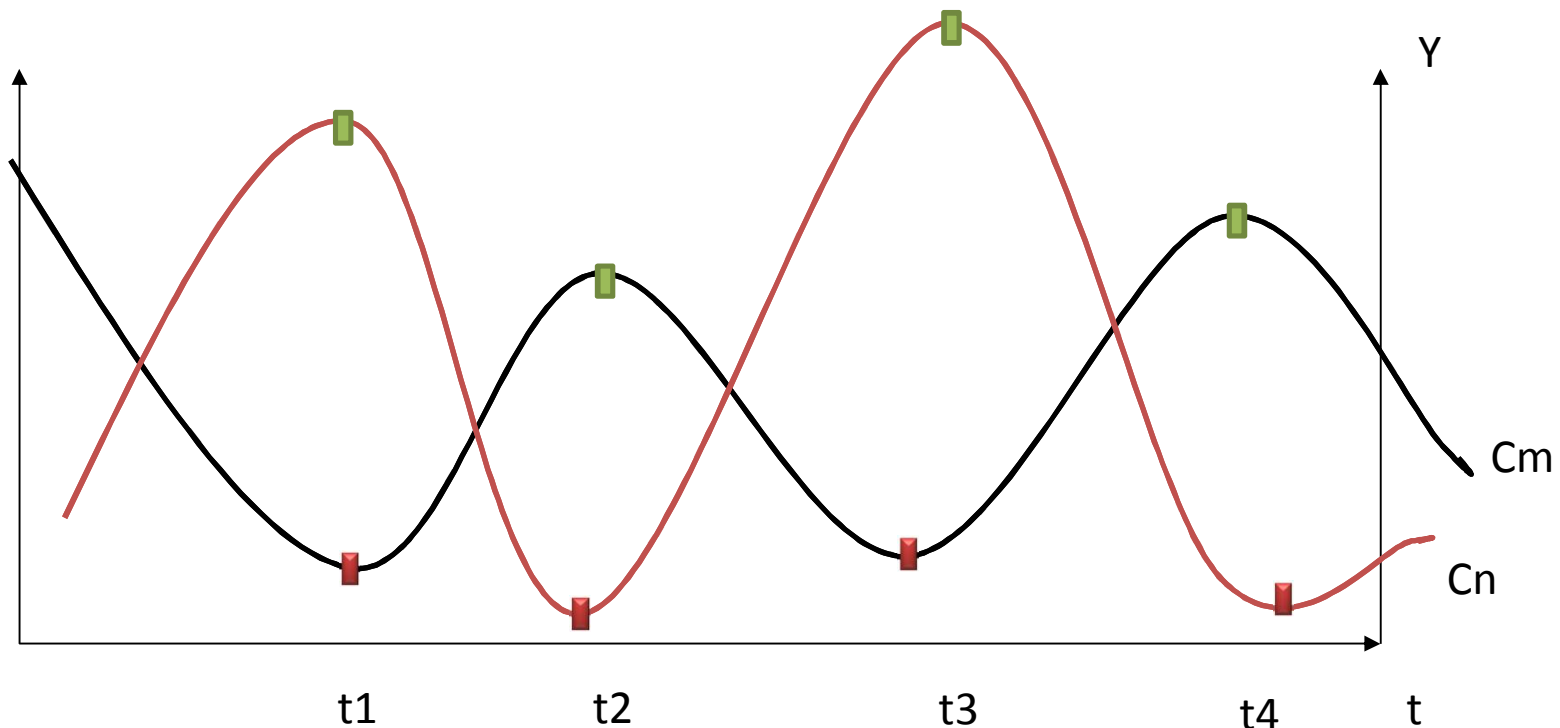**Immigrants are likely to lose their jobs during economic crisis**

Immigrants in the time of crisis

˝ Easy access to information about the job opportunities

˝ High geographical and sectoral mobility

˝ No pull factors due to the global character of economic crisis

˝ No economic incentives to return neither according to neoclassical models nor NELM theories

Immigrants are not likely to return to their country of origin
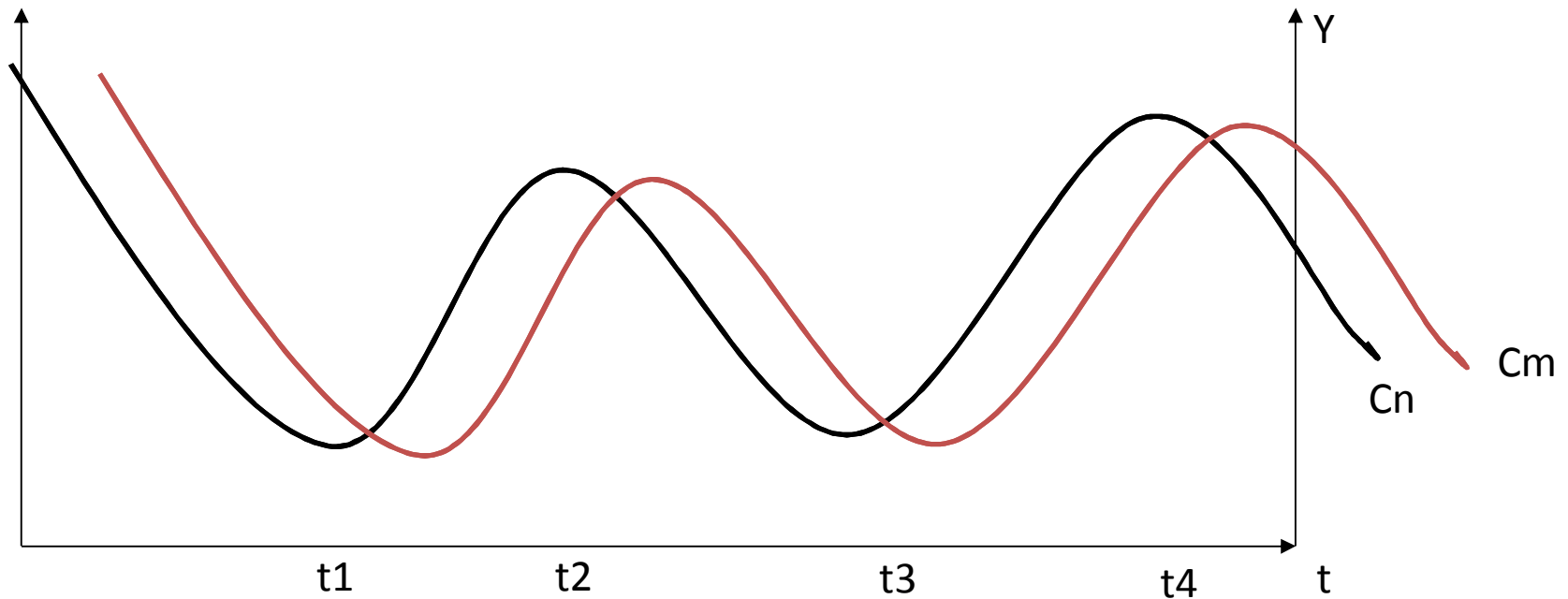
Economic cycles vesrus migration flows

˝ Push – pull model in the industrial period
(Thomas 1973)

Migrations flows determined by the economic cycle

Economic cycles vesrus migration flows

˝ Push . pull model revised

The economic cycle is „globalized"

Migration policies of the developed countries at the beginning of XXI Century

Country	Percentage of high-skilled immigrants
France	48%
UK	61%
Japan	71%
Australia	77%
US	46%
Canada	43%

Source: Okólski 2004

Migration policies in favour of the high-skilled, well educated workforce

Thank you for your attention

m.szwabe@gmail.com