

MIGRATION AS A TOOL TO FIGHT POVERTY

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PORTUGAL LACKS PEOPLE AND ECONOMIC GROWTH

There is a lack of people to work in Portugal. There is a lack of qualified people to lead projects in areas with high productivity and potential to grow at scale. People are also lacking to do less qualified jobs – such as working with elderly, in agriculture or in construction.

As depicted by the most recent 2021 census, Portuguese society is aging rapidly and the need for workers is increasing as well. Many people born in Portugal are leaving the country, and those who stay feel they have no conditions to have children – or at least as many children as they would like to.

In this context, it is difficult to understand the growing discomfort with which Portugal receives the immigrants that choose our country to live and work. During many decades (or even centuries?), Portugal was a poor and peripheral country where many emigrated and to where practically no one immigrated. The country built, in this context, a reputation to welcome foreigners, which is still a pillar of the currently prospering tourism sector.

Portugal is, however, becoming less and less welcoming to foreigners. The qualified immigrants, many of them European or from North America, complain about continuously hearing that they are guilty of the increase in housing prices and that they are no longer that welcome. Even worse is the hosting of less qualified immigrants, usually from poorer countries in Africa or Asia, who make huge investments to be able to work in Portugal and, in this way, help to feed and educate the family they leave behind.

But is it really the case that these immigrants, more or less qualified, come to steal jobs and to decrease the real wages of the Portuguese people?

This fear has been around for a long time, which has led to several studies about the impact of immigration on the economy. The effect of immigration on the job market

and on the productivity of people already living in host countries has been studied, because it is a main concern and politically relevant, but other consequences have been studied as well, such as the impact of immigrants on criminality and housing prices. Many of the first studies focused on the Mexican immigration to the United States, where many political figures were against immigration from other regions in Central America. However, recently, these studies were extended to other contexts, including Europe and other OECD countries.¹ The results were not the ones many people feared: immigrants *increase* – instead of decreasing – the average wages as well as the number of jobs available to people who are born in the host country. The exception are the immigrants who were already working in the host country when the new ones arrive: employers tend to think that “new” and “old” immigrants are comparable, employing the ones who work for a lower wage. Hence, in this case, we see slightly negative effects in the wages. A political symptom of this effect is the fact that many of the louder opposers to immigration, for instance in the U. S., have an immigrant origin.

The positive effects of immigration happen when highly qualified immigrants create synergies with other equally high qualified workers, increasing diversity, innovation and, thus, productivity too. A big portion of the innovation that creates jobs and dynamism in the world economy is done by immigrants and international teams.

The positive effects of immigration also happen when qualified immigrants work with teams of less qualified national workers, who benefit from a well-prepared leadership with management and work organization ability – we should remember that 80% of the SMEs managers in Portugal do not have higher education.

The positive effects of immigration likewise happen when immigrants are less qualified. These immigrants work many times at a lower wage than what workers born in Portugal would accept - for example, domestic or agricultural workers. This increased availability of workers boosts the economy’s dynamism through two main mechanisms. Firstly, by performing these jobs in agriculture, they secure its profitability. This activity would not take place if only more expensive labor was available. The maintenance of this economic activity creates dynamism in the economy and increases jobs and average wages in general. Secondly, the performance of these less qualified jobs, especially care and support of elderly and children, or domestic work, frees women who are born in Portugal and traditionally bear these responsibility, so that they are able to do more productive tasks, thus having a positive impact on economic growth and job creation in the country.

For all of these reasons, immigration to Portugal increases Portuguese workers’ productivity, contributing to an increase of the average wages and the creation of more jobs in the country.

¹ A good summary of these results is provided by Frédéric Docquier, Ozden Caglar Ozden, Peri Giovanni, “The labor market impact of immigration and emigration in OECD countries”, in *Economic Journal*, 124-579 (2014): 1106-1145.

Given the economic benefits of immigration to the host country, we must look at the people who choose to live in our country. More than economic gains, we have to guarantee immigrants' dignity and full integration in the society that hosts them. There are many challenges: the fear of interaction with difference, the isolation in ghettos without opportunities, the lack of guarantees of dignified conditions to those perceived as different. All of these factors are threats to the well-being of immigrants in the host country and to their sense of belonging in the community, which is what guarantees, in the long run, the strengthening of the Portuguese economy and society by immigration.

To welcome the immigrants arriving, it is important to get to know them, where they come from, what are the experiences that motivate them to work away from their country, who are the families they leave behind and want to support, even if at a distance.

WHO ARE THE AFRICAN IMMIGRANTS WHO GET TO EUROPE? AN EXEMPLARY STORY

The African continent still registers a population explosion, contrasting with the world's richest regions, where aging and a fall in the number of births continue to be the trend. Today more people (1.4 billion) live in the African continent, especially Sub-Saharan Africa, than in both Europe and North America. Nowadays, the African continent registers the highest population growth rate in the world, even if it is expected to decrease as the poverty levels decrease, as it has happened throughout history all over the world.

In this context, where we observe inverted demographic pyramids in the African and European continents, migration from Africa to Europe is the answer to the lack of workers in Europe and to the hope of many African youngsters in a continent whose economic development does not provide enough jobs with sufficient quality for everyone. This situation tends to get worse in an economic context where there is not only a lack of jobs, particularly after the COVID-19 pandemic, but also where bad agricultural harvests have been accumulating, being increasingly impacted by global warming phenomena. As it has happened in Portugal in the 1950s and 1960s, in these countries the chance to work to build a better life is outside the country.

The big difficulty for these young people who want to work in Europe, particularly for those with less formal qualifications, is to obtain a visa that allows them to enter legally the destination country and, thus, get a job. Because of this, we have been observing very significant flows of irregular immigration to Europe, especially over the last decade. We should highlight the fact that these irregular migrants don't include the hundreds of thousands of people running away from Syria, particularly in 2015 – these people obtained the refugee status when they arrived in Europe. The biggest share of irregular immigrants that arrive in Europe are economic migrants, looking for better

life conditions. These economic migrants with an irregular situation come mainly from Sub-Saharan Africa.

The main route of irregular immigration from Sub-Saharan Africa to Europe over the last years is called the central Mediterranean route. The biggest portion of these people start in West Africa, cross the Sahara desert to reach Libya, where they cross to Italy. This cross is extremely risky. The media mainly focus on the risks of crossing the Mediterranean, where the deaths of the drowned migrants are more noticeable, but this risk is far lower than the one of dying when crossing the Sahara desert in open box trucks or of dying in forced labor situations in Libya. The most trustworthy available numbers estimate that one out of three people who start this journey from West Africa to Italy, through Libya, die along the way. Recent studies show that young residents in rural areas in Gambia, the African country with the highest regular migration rate in this region, expected that the risk would be even higher: these possible irregular migrants believe that one out of two people who follow this irregular migration path die during this journey – still 46% of them showed the intention of emigrating in an irregular way to Europe². The high prevalence of irregular migration to Europe intentions, combined with the knowledge of the journey's risk, demonstrates well the despair and lack of alternatives that these people and their families face to survive in their home country.

WHAT SHOULD EUROPE DO? MIGRATION POLICIES EXPERIMENTAL EVALUATION

In this context, in which so many African young people are willing to consciously risk their own lives to work in the European continent, how should Europe proceed? Before considering anything else, the dignity of human life demands that these unnecessary deaths are avoided. Besides this fundamental reason, economic rationality motives sum arguments in favor of politics that avoid this risky type of migration. These migrants are the better prepared ones, the most entrepreneurial and the most capable of guaranteeing the financing to pay to dealers who trade their lives. These are the ones who could provide more benefits to the host country and, also, to their families and origin country.

An important methodological question is to know how to evaluate properly the impact of migration policies. As it happens with other public policies, it is not enough to look to what happen before and after a policy has been implemented. There are many other factors that can change simultaneously with the implementation of that policy and be the true cause of the observed temporal effects. To guarantee the rigorous identification of the policies' causal effects, a random experimental evaluation is the best possible method. This is the same method that is used to evaluate the effectiveness of a new medicine or vaccines: a group of potential beneficiaries receives the treatment

² For additional details, read the study Tijan Bah, Cátia Batista, "Why Do People Migrate Irregularly? Evidence from a Lab-in-the-Field Experiment in West Africa", NOVAFRICA Working Paper 1803 (2020), available at <https://novafrica.org/research/understanding-willingness-to-migrate-illegally-evidence-from-a-lab-in-the-field-experiment/>

(in our case, it will be subjected to the new migration policy) and another group receives the placebo (the *status-quo*, in our case). The fact that the treatment and control groups are selected randomly is very important – to avoid that groups or people with different initial characteristics self-select. If that were to be the case, the observed effects could be due to the different initial characteristics between the two groups. For example, when testing a new medicine, if this was given to the most critically ill people, its ineffectiveness would be concluded because treated people would present higher mortality. However, this would be due to the more difficult initial situation of the treated ill people and not due to the medicine's ineffectiveness.

In a recent study, Bah and co-authors evaluated in an experiment the effectiveness of three alternative policies with the common goal of deterring irregular emigration from Africa to Europe³. This experimental study worked with approximately 4000 men, with ages between 18 and 30 years old, resident in rural areas in Gambia, which are among the areas in West Africa with greatest incidence of irregular migration to Europe.

For the experimental evaluation, the 400 villages where the young people in the sample lived were randomly distributed in four different groups, in which each group was subject to a different policy, whose effectiveness was measured with a comparison method over 18 months. Besides this, an initial survey was made before any intervention, which was followed by the evaluated policies intervention and, 18 months later, by an endline survey which measured the variables of interest – namely, the intentions, preparations and migrations to Europe, but also to the neighbor country, Senegal, and to urban areas inside the country. These surveys also measured many other demographic, economic and social variables, which help to understand the context in which migration decisions are taken. Particularly relevant is the elevated social prestige that is attributed to the migrants who are able to reach Europe, contrasting with the social stigma that the ones who are classified as “failed” migrant suffer for not reaching the intended destination. A migrant in Senegal, in comparison, has a relatively moderate social prestige, but much above the stigma of those who tried but couldn't reach Europe – which helps to explain the reason why most migrants who were not able to reach Europe stay in Libya, even if the conditions are harder, and don't contact their families again leading them to think they are dead – which can probably explain part of the reason for the overestimation of mortality rates of irregular migration to Europe by the residents in rural areas in Gambia.

Firstly, the policy which receives more funding from the European Union was evaluated: an information campaign about the risks and vulnerability of irregular migration from West Africa to Europe. This campaign included a wide range of collected information so that it didn't only include the mortality risk (which, according to Bah and

³ For more information, read the study Tijan Bah, Cátia Batista, Flore Gubert e David McKenzie, “Can Information and Alternatives to Irregular Migration Reduce “Backway” Migration from The Gambia?”, World Bank Policy Research Working Paper 10146 (2020), available at <https://openknowledge.worldbank.org/handle/10986/37911>

Batista, it was already known and overestimated in this population), but, also, all the difficulties of the journey, as well as the vulnerable situation of the few who are able to reach Europe and work – for example, in agriculture – in an illegal setting. This information was spread through the video-testimonies of people belonging to the same ethnic group in the original local languages to guarantee credibility and trust in the communicated messages. The statistics were also communicated through animated documentaries, to facilitate its comprehension in this population, which, on average, didn't complete the primary education. This information campaign aims at providing missing information related to the costs and benefits of migrating irregularly to Europe.

A second policy which was evaluated was the costless offer of a professional course, besides all the information about the risks of irregular migration to Europe. The young people who were part of the experimental group could choose among eight different courses, which included cell phone and little home appliances reparation, electrical installations, plumbing and other skills used in construction. The goal of this policy, besides the information component, is to give young people, who see migration to Europe as the only possibility to stop working on the same subsistence agriculture as their ancestors, an alternative. Furthermore, the preparation with a certified professional training could facilitate them to get a job, either in urban areas in their country, as well as in neighbor countries, or even in Europe. It is important to highlight that it was necessary to give funding to these students so that they could pay their subsistence expenses since, given their level of poverty, these young people didn't have the conditions to guarantee their subsistence during the training program which lasted 6 months.

Finally, the policy which facilitated the regional migration to the neighbor country capital city – Dakar, in Senegal – was tested, besides providing the same information about the risks of irregular migration to Europe as in the previous groups. Besides this, it was given to each young person the amount equivalent to the transportation cost to Dakar, where an association of Gambian migrants would support them when setting in and when looking for a job, besides being given an additional amount corresponding to the first days stay subsistence and to the return transport to the origin area. This policy replicates, in the context of West Africa, a policy that was implemented in Bangladesh where rural families would starve while waiting for the harvest – even though they only needed to take a bus with the cost of 7 dollars to the closest town, where they could find a seasonal job which would pay them enough to improve their lives during that period⁴. The goal of this policy is to allow people who live in considerable levels of poverty the financial liquidity to try migrations in less known contexts that imply uncertainty. It is a documented fact that the poorer populations take their migration decisions not on the basis of maximizing income net of costs, as

⁴ For additional details, read Ghard Bryan, Shyamal Chowdhury, & Ahmed Mushfiq Mobarak, "Underinvestment in a Profitable Technology: The Case of Seasonal Migration in Bangladesh", in *Econometrica*, 82 (2014): 1671-1748.

predicted by the original neoclassical migration models, but on the basis of cost minimization, particularly in situations with uncertain benefits⁵.

THE EXPERIMENTAL RESULTS: MEASURING THE EFFECTIVENESS OF MIGRATION POLICIES

The policy impact evaluation examined by Bah *et al.* was made by econometrically contrasting the behavior of individuals in each treatment group (i.e., those who benefited from one of the three policies described above) with the individuals' behavior in a control group (for comparison) that didn't have access to any of them. The results from this statistical analysis were that the policies which provided the migrants with alternatives, besides staying at their origin village or migrating irregularly to Europe, had more impact in decreasing the intent of migrating to Europe. Particularly, the simple fact that the different options of professional training were shown to them was sufficient for the young people in this group to decrease the preparations to irregularly migrate to Europe. These two policies also induced a significant portion of the young people to emigrate to Senegal (from 1.6% to approximately 4% of the sample) – at the cost of decreasing the internal migration to urban areas in their country. Nevertheless, the information campaign by itself didn't have a significant impact in the regional migrations or to Europe of the young people who received it – a result which is consistent with the fact that these young people already had much of the information transmitted to them through this campaign, which is another result from this analysis. We have to highlight that none of the tested policies significantly changed the irregular emigration to Europe – a result derived from the fact that the analysis occurred when irregular migrations to Europe from this area significantly slowed down, during the pandemic period.

These results point to the necessity of implementing policies which provide alternatives to irregular migration to Europe, beyond information regarding its risks and benefits, to African young people from West Africa who, living in very precarious subsistence conditions, consider coming to Europe even consciously putting their own lives at risk.

This is the first study that evaluated the impact of different policies aimed at discouraging this kind of very risky migrations. Naturally, additional studies should be made to determine the details of the most adequate policies to each context in the moment in which they are implemented. In any case, this study proves clearly that it is not enough to say that irregular migration is dangerous: the people who consider this option need alternatives and better aspirations in their lives to act differently.

⁵ Regarding this, read Cátia Batista, David McKenzie, "Testing Classic Theories of Migration in the Lab", World Bank Policy Research Working Paper No. 9751 (2021), available at <https://openknowledge.worldbank.org/handle/10986/36174>

A final note for a migration policy which is not evaluated in this study, but that could have a fundamental role in the creation of alternatives and aspirations of potential irregular migrants. In line with the results of this study, it is expected that policies that facilitate job offers and the corresponding legal visas to work in Europe reduce considerably irregular migrations. At this moment, it is practically impossible for a person with few qualifications in West Africa to aspire to have a job and a right to work in Europe. If this possibility exists, even if not easy to obtain and if dependent of the European job market needs, many lives could be saved.

MIGRATION AS A TOOL TO FIGHT POVERTY, IN PORTUGAL AND IN THE WORLD

The impact of migration, at host countries, as well as at the home countries, depends crucially on Europe receiving the “best” migrants from Africa. Typically, these migrants are the ones who have more formal qualifications and who are more entrepreneurial and capable of taking risks. They are the ones who will have the capacity to actively contribute to the economic growth of the countries where they reside.

In this context, legal forms to bring these people to Europe and to integrate them with dignity in the job market and society in general are needed. Thus, these immigrants can be more productive and benefit from their migrant stay. The migrants themselves win, but also Europe’s economic growth and demographic equilibrium, and, at the same time, they contribute to Africa’s economic growth through financial and immaterial remittances the migrants send to their origin countries.

This beneficial effect to the more qualified migrants’ origin countries is perhaps less obvious, under the light of the long debate about the impact of the so called “brain drain”. This discussion applies to the poorest countries in Africa, but also to richer countries, such as Portugal. The empirical studies have shown that the existence of qualified emigrants creates many channels which benefit the economy and the quality of political institutions in the origin countries. In education, the emigration of some of the more qualified people creates incentives for the investment of *everyone* in formal qualifications, since these (either mathematical skills or communication, for example) are particularly valued outside the origin country and allow the emigrants to be more successful when they leave their country. If enough people who obtain these additional qualifications don’t emigrate, the country gets more average qualifications in its work force, when compared to a situation with no emigration⁶. Moreover, emigration also contributes to the transmission of norms and skills which improve entrepreneurship and the demands for political institutions’ transparency and quality – through the emigrants

⁶ See, for example, Cátia Batista, Aitor Lacuesta, Pedro C. Vicente, "Testing the 'brain gain' hypothesis: Micro evidence from Cape Verde", in *Journal of Development Economics*, 97-1 (2012): 32-45. Or Frédéric Docquier, Hillel Rapoport, "Globalization, Brain Drain, and Development", in *Journal of Economic Literature*, 50-3 (2012): 681-730.

themselves after returning to their origin country, as well as through those who stay in the diaspora. These migrants contribute to improve their origin country through the contacts, new ideas and values such as the business initiative and organization or democratic demands (the so-called *immaterial* remittances) and financial remittances sent to family members and friends, but also through investments and commercial and business relations between countries.⁷ All of these effects are powerful tools to improve economic development in the migrants' origin countries. Thus, migration also helps to fight poverty.

All this recent research about the economics of international migration highlight that migration promotes economic growth – and, hence, the fight against poverty – in host and origin countries. We should keep learning about how to make the most of it!

⁷ This is an active research area. Some of the most relevant references are:

Antonio Spilimbergo, "Democracy and foreign education", in *American Economic Review*, 99-1 (2009): 528-43. Cátia Batista, Pedro C. Vicente, "Do Migrants Improve Governance at Home? Evidence from a Voting Experiment", in *World Bank Economic Review*, 25-1 (2011): 77-104. Cátia Batista, Tara McIndoe-Calder, Pedro C. Vicente, "Return Migration, Self-selection and Entrepreneurship in Mozambique", in *Oxford Bulletin of Economics and Statistics*, vol. 79-5 (2017), 797-821. Cátia Batista, Julia Seither, Pedro C. Vicente, "Do migrant social networks shape political attitudes and behavior at home?", in *World Development*, vol. 117-C (2019), 328-343.