

Migration Economics

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Introduction

International migration is a key aspect of globalization. While migrants represent about 3 percent of the world population, a relatively stable figure, immigrants now represent nearly 10 percent of the population of OECD countries, a twofold increase in just a couple of decades. Another interesting pattern of international migration is that it is increasingly of the brain drain type. The aim of the course will be to present a detailed picture of international migration today, to understand the forces behind the patterns of its evolution, and to analyze both theoretically and empirically the main channels through which international migration affects growth and development in the sending and receiving economies as well as its impact on global welfare. At a theoretical level we will aim at conveying the intuition of the mechanisms at work using simple economic models. At the empirical level we will discuss the results from selected studies. The course will focus on international and growth/development economics issues and on immigration policy.

The course is organized around a series of lectures with required readings (marked ** in the reading list below) and is complemented by students' presentations, as detailed below. Students must prepare for the class by reading the required articles ahead of the class.

Grading scheme: 30% class participation, 70% written final exam.

Organization of the lectures

A typical day will be organized around a 3-hour morning session dedicated to a lecture by the instructor and a 1.5-hour afternoon session dedicated to students' presentations and discussions, except for Day 1 where there will be no afternoon session.

Content

1. The size and skill composition of international migration flows

Topics

The evolution of global international migration. The determinants of the size and skill composition of migration. Gravity models of migration and self-selection. Models and types of self-selection. The role of base wages and returns to skills. The role of migration networks.

Readings

Artuc, E., F. Docquier, C. Ozden and C. Parsons (2015): A Global Assessment of Human Capital Mobility: the Role of non-OECD Destinations, *World Development*, 65: 6-26.

Mayda, Anna Maria (2010): International migration: A panel data analysis of the determinants of bilateral flows, *Journal of Population Economics*.

**McKenzie, David and Hillel Rapoport (2010): Self-selection patterns in Mexico-U.S. migration: the role of migrant networks, *Review of Economics and Statistics*, 92, 4: 811-21. See <http://ideas.repec.org/p/wbk/wbrwps/4118.html>

**Ozden, Caglar, Christopher Parsons, Maurice Schiff and Terrie Walmsley (2011): Where on Earth is Every-body? The evolution of global bilateral migration 1960-2000, *World Bank Economic Review*.

Assignment 1

Group assignment on the four “gravity” papers below. Objective: comparative and critical evaluations. Presentation the following day.

Beine, Michel, Frederic Docquier and Caglar Ozden (2011): Diasporas, *Journal of Development Economics*, May.

Belot, Michele and Timothy J. Hatton (2012): Immigrant selection in the OECD, *Scandinavian Journal of Economics*.

Belot, Michele and Sjeff Ederveen (2012): Cultural barriers in immigration between OECD countries, *Journal of Population Economics*.

Grogger, Jeffrey and Gordon H. Hanson (2011): Income maximization and the selection and sorting of international migrants, *Journal of Development Economics*.

2. Immigration, diversity and economic development

Topics

The costs and benefits of diversity. Ethnic, genetic and birthplace diversity. Are countries richer because they are more diverse or more diverse because they are richer? The role of cultural proximity.

Readings

**Alesina, Alberto, Johann Harnoss and Hillel Rapoport (2016): Birthplace diversity and economic prosperity, *Journal of Economic Growth*, forthcoming.

**Ashraf, Q. and O. Galor (2013a), "The Out of Africa Hypothesis, Human Genetic Diversity and Comparative Economic Development." *American Economic Review*, 103(1): 1-46.

Ortega, Francesc, and Giovanni Peri (2014): Openness and income: the roles of trade and migration, *Journal of International Economics*.

Assignment 2

Group assignment on the four “micro” papers below. Objective: comparative and critical evaluations. Presentation the following day.

Brunow, S., M. Trax and J. Suedekum (2015), "Cultural Diversity and Plant-level Productivity." *Regional Science and Urban Economics*.

Hjort, Jonas (2014), "Ethnic Divisions and Production in Firms", *Quarterly Journal of Economics*, 1899-1946.

Ozgen, C., P. Nijkamp and J. Poot (2013), "Cultural Diversity and its Impact on Innovation: Longitudinal Evidence from Dutch firms." *IZA Journal of Migration*.

Parrotta, P., D. Pozzoli, and M. Pytlikova (2014), "Does Labor Diversity Affect Firm Productivity?", *European Economic Review*, 66: 144-179.

3. Brain drain and human capital formation in developing countries

Topics

A stylized growth model. Brain drain and endogenous human capital formation (brain gain): micro and macro approaches.

Readings

Beine, Michel, Frederic Docquier and Hillel Rapoport (2008): Brain drain and human capital formation in developing countries: winners and losers, *Economic Journal*, April.

Bollard, Albert, David McKenzie, Melanie Morten and Hillel Rapoport (2011): Remittances and the brain drain revisited: the microdata show that more educated migrants remit more, *World Bank Economic Review*.

**Docquier, Frederic and Hillel Rapoport (2012): Globalization, brain drain and development, *Journal of Economic Literature*, 50, 3: 681-730.

Assignment 3

Group assignment on the four "micro" papers below. Objective: comparative and critical evaluations. Presentation the following day.

Batista, Catia, Aitor Lacuesta and Pedro C. Vicente (2012): Testing the "Brain Gain" Hypothesis: Micro Evidence from Cape Verde, *Journal of Development Economics*.

Chand, Satish and Michael Clemens (2008): "Skill migration and skill creation: evidence from a quasi-experiment in the Pacific", Working Paper, Center for Global Development

Gibson, John and David McKenzie (2011): "The Microeconomic Determinants of Emigration and Return Migration of the Best and Brightest: Evidence from the Pacific", *Journal of Development Economics*, May 2011.

Shreshta, Slesh A. (2016): "No Man Left Behind: Effects of Emigration Prospects on Educational and Labour Outcomes of Non-migrants", *Economic Journal*, forthcoming.

4. International migration and globalization

Topics

Trade, migration and FDI: complements or substitutes? A model of trade/FDI-inducing migration with heterogeneous workers and firms. Migration and knowledge flows. Social and political remittances

Readings

Beine, M., F. Docquier, and M. Schiff (2013). International Migration, Transfer of Norms and Home Country Fertility, *Canadian Journal of Economics*.

Docquier, F., E. Lodigiani, H. Rapoport, and M. Schiff (2016). Emigration and Democracy, *Journal of Development Economics*, forthcoming.

**Docquier, Frederic and Hillel Rapoport (2012): Globalization, brain drain and development, *Journal of Economic Literature*, 50, 3: 681-730.

Helpman, Elhanan, Marc Melitz and Yona Rubinstein (2008): Estimating trade flows: trading partners and trading volumes, *Quarterly Journal of Economics*, 123, 2: 441-487.

Kerr, W.R. (2008): Ethnic Scientific Communities and International Technology Diffusion, *Review of Economics and Statistics*, 90(3), 518-537.

**Kugler, Maurice and Hillel Rapoport (2011): Migration, FDI and the margins of trade, <http://www.hks.harvard.edu/centers/cid/publications/faculty-working-papers/cid-working-paper-no.-222> CID Working Paper No 222, Harvard University, June.

**Omar Mahmoud, Toman, Hillel Rapoport, Andreas Steinmayr and Christoph Trebesch (2013): The impact of emigration on the diffusion of democracy: evidence from a former Soviet Republic, *CESifo Working Paper No 4389*, September 2013.

**Parsons, Christopher and Pierre-Louis Vézina (2014): Migrant networks and trade: the Vietnamese boat people as a natural experiment, Working Paper.

**Spilimbergo, A. (2009): Foreign students and democracy, *American Economic Review*.

Assignment 4

Group assignment on the four case-study papers on social remittances below. Objective: comparative and critical evaluations. Presentation the following day.

Batista, A., and P. Vicente (2011). Do Migrants Improve Governance at Home? Evidence from a Voting Experiment. *World Bank Economic Review*, 2(1), 77-104.

Bertoli, S., and F. Marchetta (2015). Bringing It All Back Home: Return Migration and Fertility Choices, *World Development*.

Chauvet, L., and M. Mercier (2014). Migration and Elections in Mali. Does Migration Promote Democratization in Africa?, *Journal of Comparative Economics*.

Clingingsmith, D., A. Khwaja, and M. Kremer (2009). Estimating the Impact of the Hajj: Religion and Tolerance in Islam's Global Gathering, *Quarterly Journal of Economics*.

5. Immigration and global welfare

Topics

Immigration and global justice. Immigration and attitudes to redistribution. Global poverty as an international public good. Visas, not aid? A model of tradable immigration quotas with matching. Application to the refugee crisis in Europe.

Readings

**Alesina, Alberto, Johann Harnoss and Hillel Rapoport (2016): Immigration, attitudes to redistribution and the future of the Welfare State in Europe, Mimeo.

**Clemens, Michael and Lant Pritchett (2008): Income per natural: measuring development for people rather than places, *Population and Development Review*.

**Fernandez-Huertas Moraga, Jesus, and Hillel Rapoport (2014): Tradable immigration quotas, *Journal of Public Economics*.