

Internal Migration in Developing Economies: An Overview

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Presented at the **KNOMAD** International Conference on
Internal Migration and Urbanization
held in Dhaka on April 30-May 1, 2014

Overview of

Drivers of internal migration

Constraints on moving

Consequences for production and incomes

Thoughts on policy options

Most analyses focus on rural-urban

But not always dominant form

Rural-rural important , especially where majority of population rural (India)

In Latin America, urban-urban dominates

Drivers

Differentials in opportunity

Not push factors and pull factors

Correlation vs causality

Proximate vs underlying causes

Ten aspects considered here

1. Development Strategy and Employment Creation

- Growth typically associated with sectoral shift:
From agriculture to industry and services
- Scale economies and infrastructure needs concentrate industry in urban areas.
- Agriculture rarely grows quickly
- So rural to urban relocation
- Speed of sectoral transition
- Plus production techniques in both sectors
- Together shape rural-urban migration
- Import substitution in heavy industries generates few urban jobs
- Expansion of labor-intensive urban industries = rapid transition and migration

2. Spatial gaps in earnings.

Large urban-rural wage gaps persist

Well documented:

probability of rural-urban move increases with (expected) wage gap.

Size of responsiveness difficult to estimate,
wages need to be imputed.

Standard theory predicts migration leads to wage convergence

So why do large gaps persist?

1. Urban wage rigidity

Collective bargaining

Minimum wage laws (enforced)

Efficiency wage theories

2. Young (2013).

Gap reflects skill differences.

“One out of every four or five individuals raised in rural areas moves to urban areas... one out of every four or five individuals raised in urban areas moves to rural areas.”

Rural-urban (and urban-rural) migration = sorting of workers by skill.

But measurably equivalent workers paid more in town.

3. Constraints on migration.

More soon.

3. Rural-rural relocation for work.

Less evidence on role of earnings gaps

Seasonal migration and moves for public works
driven by work availability not pay gap?

Lack of land markets and of skill transferability limit mobility

Kondylis (2008): Rural-rural migration via refugee status in Rwanda.
Resettled refugees learn more from stayers.

Bazzi et al. (2013): Transmigrants in Indonesia.
Lower earnings if new agroclimate differs from home.
Productivity difference persists = lack of adaptability.

4. Risk and risk mitigation

Harris-Todaro (1970) risk of finding urban job

Over time, pay-off to urban migration rises

But rural livelihoods at greater risk

Family strategy – spreading risks through migration

Much supporting evidence

Especially in SSA

But most evidence for remittances not migration

5. Amenities

Better amenities can improve local incomes

Amenities also attractive in own right

Reduces out-migration, increases in-migration

Though better transport can increase out-migration

Limited evidence

- Fafchamps and Shilpi (2013) Nepal
Proximity to paved road = in-migration
- Ackah and Medvedev (2010) Ghana
Subsidized medical care, water and sanitation
- Lall et al. (2009) Brazil
Hospitals, electricity, water, sewage

Priority for future research

Causality? (Omitted variable bias; endogenous amenity location)

6. Education

Returns to education as driver of location choice
(De Vreyer et al., 2009, West Africa).

Returns to education positive in rural areas

 Knight et al. (2003) Ethiopia

 De Brauw and Rozelle (2008) China

 Asadullah and Rahman (2009) Bangladesh

But returns to education higher in urban areas

Hence, returns to rural education higher if include out-migrants

Rural education often key to transition out of rural life

 Intergenerational mobility increased?

7. Climate change and natural disasters

Long-term: temperatures, hence sea-level rising.

Stern report (2007) 60 million at risk of displacement in South Asia

Weather anomalies and natural disasters.

Kondylis and Mueller (forthcoming)

14 million displaced by 2010 floods in Pakistan

Two years later those who fled better off than stayers

(IV for displaced; controls for HH and setting).

Marchiori et al. (2012)

Rainfall and temperature anomalies in SSA induce rural-urban,
which leads to accelerated emigration

(3 equation model: gdp, urbanization, net migration)

8. Violence and forced migration

Refugees down from 1992 peak

IDP > refugees since 2006. 19 million by 2012

Traditional perception: forced meant no choice.

Burgeoning literature on the economics of IDP (and refugees).

Ibáñez and Velez (2008) Colombia

Traditional economic drivers affect IDP selection

(Also refugees in Africa Lucas, forthcoming)

Ibáñez (forthcoming)

Perpetrators make strategic choices of targets

9. Drivers of return migration

Reputed common

But difficult to observe, so limited analysis

Drivers of return: theories

- Planned strategy to by-pass credit constraints

- Preference for home once accumulated wealth

- Cheaper cost-of-living at home

- Complementary (social) capital at home

- Conditions at destination or origin change

- Tried and failed

Probably common in many forms

- Rural-urban (seasonal, retirement)

- Rural-rural (follow cropping cycles)

- Rural-abroad-urban (Albania)

10. Family accompaniment and formation

- Agesa and Kim (2001) Kenya
Leave family in village or bring them to town?
Cheaper in village; show depends on family size.
- Rosenzweig and Stark (1989) India
Migration upon marrying
Bride's origin chosen to spread weather risks between families
- Common finding:
Rural-urban migrants lower fertility rates than stayers
Disruption, selection or adaptation.
Most evidence points to adaptation.
(e.g. Chattopadhyay et al., 2006, Ghana).

Many factors act as drivers of desire to migrate:

1. Development strategy and employment.
2. Spatial gaps in earnings
3. Rural-rural relocation for work
4. Risk mitigation
5. Amenities
6. Education
7. Climate change
8. Violence and conflict
9. Motives for return
10. Family accompaniment and formation

But the outcome of these desires is also constrained by a number of factors

1. Financial constraints

International migration expensive

Migration hump hypothesized

Mixed evidence

(Martin and Taylor, 1996; Lucas, 2005; Clemens, forthcoming).

Internal migration much cheaper and financial constraint hardly tested

Bazzi (2014) significant constraint – rural dwellers in Indonesia

(Natural experiment- Asia crisis)

Bryan et al. (2013) experiment Bangladesh

Offer \$8.50 in lean season if migrate for season into town

22% of households take up offer

consumption at origin increases

Continue seasonal migration 1-3 years later without incentive

2. Social networks

Existence of network at destination depends on prior drivers
So not a primary driver itself

But lack of social network at destination acts as constraint today

Munshi and Rosenzweig (2013) India

Social networks at origin provide safety net

Estimate as a major factor in constraining rural-urban

Wealthier less constrained by need for village network

So rural better-off migrate more

3. Distance

Gravity model estimates uniformly show distance as deterrent

Less clear why :

Transport costs

Lack of information

Greater alienation

Smaller towns attract almost entirely from nearby villages

Distance + destination network effect =

remote pockets of isolation & poverty

4. Information

Information about conditions and job opportunities elsewhere probably declines with distance and networks at destination

Aker et al. (2011) experiment in Niger

Cell phones given to random sample in rural area

Not given to control group

Phones significantly increased seasonal migration to town

5. Intervening opportunities.

“Multilateral resistance” (trading opportunities with 3rd countries)
purported important in gravity models of bilateral trade.
(Anderson and van Wincoop, 2003).

In migration, equivalent = intervening opportunities (Stouffer, 1940).
Small towns between village and city may divert rural-city migration

Apparently no evidence yet from developing economies.
(Kennan and Walker, 2011, on US: develop methodology).

Consequences

Productivity gaps
and structural transformation

Productivity gap between rural and urban sectors is large
Especially in developing countries.

Gollin et al. (2013) gap not just due to human capital or hours worked.

So rural-urban transfer of workers = efficiency gain
though may generate greater inequality and poverty

Transformation experience: China, India and SSA

China

Very rapid transformation since 1980.

260 million migrant workers by 2012.

4.2% urban 2010

Migration = major driver of GDP growth.

Yet government seeks to restrict through Hukou system.

Entitled to benefits (such as education) only at origin.

Low education of migrants' children may ultimately limit growth

Au and Henderson (2006) estimate worker productivity by city-size

Most cities below peak productivity level

Despite massive migration,

too little for most cities to reach peak productivity

India

Early emphasis on capital-intensive import substitution
+ restrictive labor laws
= little industrial job creation (Binswanger-Mkhize, 2012).

Liberalization since 1990= export growth
but still little industrial employment. (Bardhan, 2007).

Hence low rates of rural-urban migration.
(30.9% urban 2010)

Instead, rural-nonfarm employment has had to take up slack
mostly for males, leaving females in agriculture.

Sub-Saharan Africa

Urban populations in many African countries growing slowly
(36.3% 2010)

Poor (even negative) growth of urban production major contributor.
But circular migration into town may have increased. (Potts, 2009).

However, urban population growth rapid in resource export countries.
(De Brauw et al., 2013).

E.g. Nigeria spent oil revenue on urban development (49% 2010)
Dutch disease effect hurt agriculture
Employment in construction and urban services drew migrants
(Akpan, 2012).

Inclusion, transfers and incomes.

Migrants are the big winners.

Two examples from tracking migrants:

Beegle et al. (2011) Kagera District, Tanzania, 1991-2004.

Average migrant's consumption growth 36 percentage points > stayers.

Urban migrant's consumption growth 66 percentage points > stayers.

De Brauw et al. (2013) Ethiopia, 1994-2009.

Rural-rural migrants' consumption growth 100% > stayers.

Rural-urban migrants' consumption growth 200% > stayers.

Migration effect on those left behind less clear.

Remittances raise living standards (though growth effects less apparent)

Labor withdrawal may improve labor market for stayers.

But if best-and-brightest depart = brain drain issues

Brain-drain or brain-gain?

Induced education at origin

Knowledge transfer

Enhanced trading

Returns to returning

Important focus in international migration,
largely neglected in internal

Identifying effects

Severe difficulties identifying migration and remittance effects on stayers

Most key elements are endogenous

Income and the incidence of poverty depend, in part, on migration and remittances

Migration depends upon income

Remittances depends upon migration and income

Not always clear what analysts are viewing

But, perhaps, some useful descriptive (reduced form) results

China

Rapid growth accompanied by sharpening of inequality

Though overall poverty incidence dramatically reduced

Ravallion and Chen (2007) decompose overall poverty change

Use both accounting and regression approaches (panel on provinces)

Rural-urban migration contributed significantly to poverty reduction

But rural poverty reduction = main factor

Luo and Yue (2010)

Attribute part of rural poverty reduction to rural-urban migration

Knight (2013) Importance of rural non-farm incomes in rural poverty reduction

Non-farm employment may have entailed rural-rural migration

Including to new village enterprises

India

Poverty has declined in India

But given the low growth in urban employment
and limited rural-urban migration
it seems unlikely urbanization has played a central role

(Chaudhuri and Ravallion, 2006; Bardhan, 2007).

SSA

Again, slow urbanization limits role of rural-urban migration
in overall poverty reduction

Consensus? that

Remittances from internal migrants play only small part

Remittances from emigrants far more important

though sharpen inequality

e.g. Wouterse (2010), Burkina Faso; Adams et al. (2008), Ghana.

Ackah and Medvedev (2010) Ghana.

Rural families with urban migrant better off

Rural families with rural migrant no better off

Thoughts on policy instruments and policy issues

“Making sure the poor are connected to both the structural transformation and to the policy initiatives designed to ameliorate the distributional consequences of rapid transformation has turned out to be a major challenge for policy makers over the past half century. There are successes and failures, and the historical record illuminates what works and what does not. Trying to stop the structural transformation does not work, at least for the poor, and in fact can lead to prolonged immiseration. Investing in the capacity of the poor to cope with change and to participate in its benefits through better education and health does seem to work.”

(Timmer and Akkus, 2008, abstract).

Where overt controls on internal migration persist
a clear priority should be to remove them

Otherwise, most relevant policies are not “migration” policies

Instead they act

upon the incentives and propensities to migrate
upon factors constraining movement
and enabling positive consequences

Failure to create urban jobs limits transition potential for rural poor
Trickle-down is limited

Efforts to generate urban employment
without counterbalancing rural strategies
may simply move poverty out of rural into urban areas
(Ravallion et al., 2007).

- Improving rural education can offer a passport out of poverty
- Rural social networks can offer security, constraining migration
Public provision of safety nets appears tempting
But such public schemes may simply displace remittances.
- Limited information appears a clear constraint on departures
Easing expansion of mobile phone coverage
May accelerate establishing urban connections
- Clearer land-rights
May either limit or enable out-migration

The extent to which improved amenities
discourage out-migration
encourage in-migration

should be a priority for future research

Amenities and infrastructure cannot be placed everywhere
Perfectly OK to have depopulated areas

Yet providing rural amenities
may prove an important counterbalance
helping the rural poor who remain isolated from urbanization