

The Impact of Migration in Latin America and the Caribbean. A Review of Recent Evidence

Juan Blyde
Matias Busso
Ana María Ibáñez

Migration Unit

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A Review of Recent Evidence

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THE IMPACT OF MIGRATION IN LATIN AMERICA AND THE CARIBBEAN

A Review of Recent Evidence



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Abstract

This paper summarizes recent evidence on the effects of migration on a variety of outcomes including labor markets, education, health, crime and prejudice, international trade, assimilation, family separation, diaspora networks, and return migration. Given the lack of studies looking at migration flows between developing countries, this paper contributes to fill a gap in the literature by providing evidence of the impact of South-South migration in general and for the Latin American countries in particular. The evidence highlighted in this summary provides useful insights for designing policies to leverage the developmental outcomes of migration while limiting its potential negative effects.

JEL Clasifications

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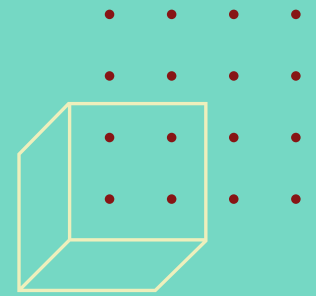
Key words

international migration, assimilation, diaspora, Latin America and the Caribbean.





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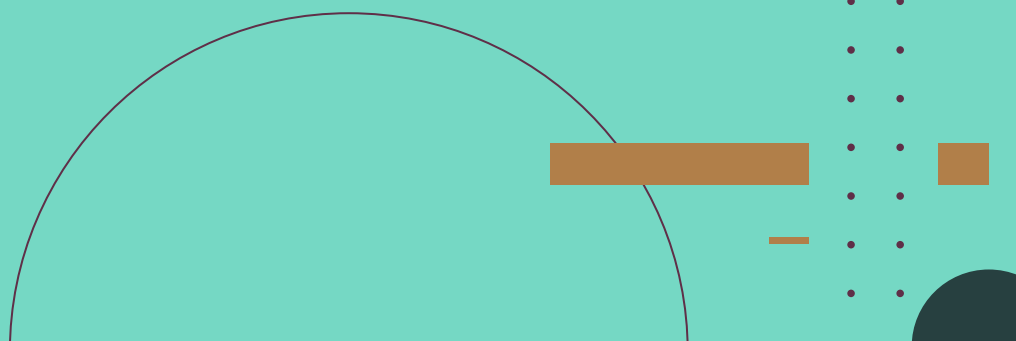


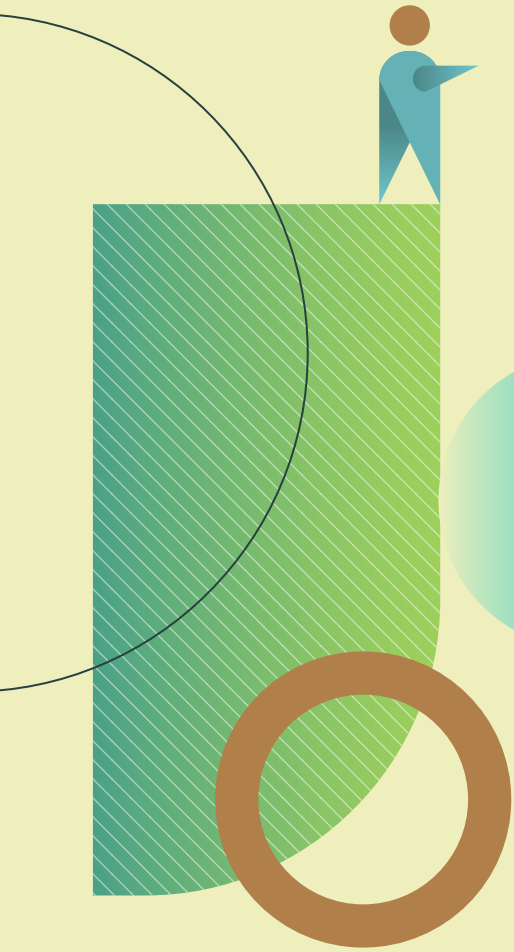
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1.

INTRODUCTION



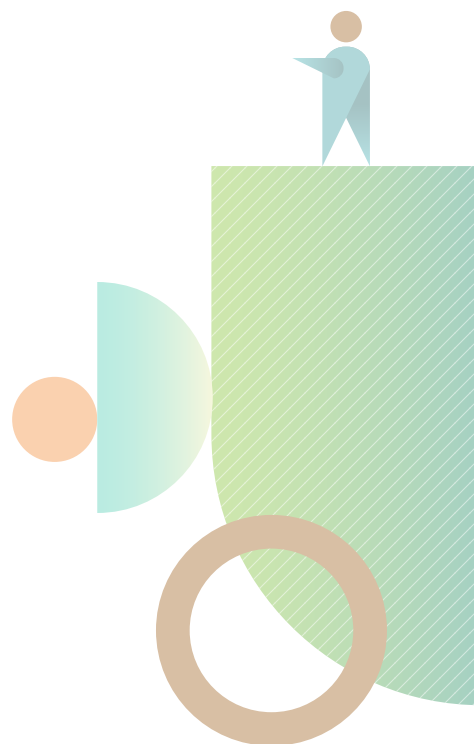
1. INTRODUCTION

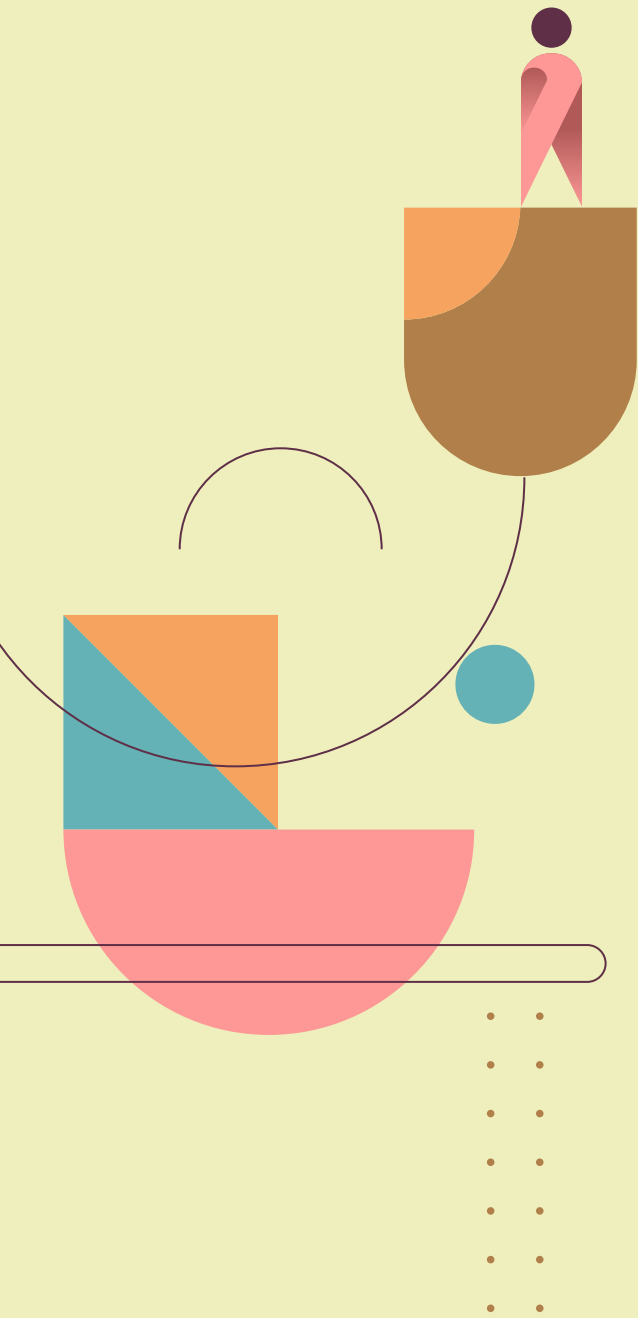
More than ever before, migration has become the subject of intense policy debates, not only in the developed world but increasingly in Latin America and the Caribbean, too. These debates are not always grounded in solid empirical evidence, partly because such evidence is often limited due to the scarcity of adequate data. In recent years, new datasets and empirical studies have emerged to provide much-needed insights into the subject. This paper reviews the new evidence produced as part of the Inter-American Development Bank research project entitled “Understanding the Impacts of Migration in Latin America and the Caribbean.”

Most empirical studies on the impact of migration focus on developed countries. Studies that evaluate the impact of migration between developing countries (so-called South–South migration) are rare in comparison with analyses that examine migration flows between developed countries or from developing to developed countries, even though developing countries receive the majority of forced migrants from other developing countries. This lack of studies looking at migration flows between developing countries has left a gap in the migration literature. Migrants from developing countries arriving in other developing countries might not necessarily cause the same labor-market effects as migrants arriving in developed countries, which typically have deeper labor markets, more mature industries, and more resilient institutions.

Similarly, analyses of migration relating to Latin America have mostly focused on the impacts of Mexican and Central American migrants in the US. However, much less is known about the impacts of migration within Latin America, including the effects of the massive flow of Venezuelan migrants that has occurred in recent years. This paper summarizes recent evidence regarding the impacts of migrants on a variety of outcomes in both origin and destination countries within Latin America. It therefore contributes to filling a gap in the literature by providing evidence of the impact of South–South migration in general and for Latin American countries in particular.

We divide our discussion into sections concerning the different outcomes of migration, starting in section 2 with how migration affects destination countries before looking at countries of origin in section 3. Section 4 provides concluding remarks.





2. IMPACT OF MIGRATION ON DESTINATION COUNTRIES



2. IMPACT OF MIGRATION ON DESTINATION COUNTRIES

Most of the empirical literature on migration is dedicated to analyzing the impact of immigration-in other words, the effects of migrants on destination countries. This section reviews new evidence on that subject.



Labor markets

The impact of immigrants on the wages and employability of the native-born population is one of the central topics of the literature on migration. The effect of immigration on native workers' labor-market outcomes depends on how substitutable or complementary immigrants and natives are within the labor market. Immigrants are substitutes for native-born workers when they compete for similar jobs that may cause displacement and/or lower wages. Immigrants are complements when they increase the demand for complementary production tasks and native workers' skills.

The literature has found mixed effects on host-country workers' wages and employment, depending, among other factors, on the time frame of the study, the estimation method, and the population subgroup considered. In general, however, the body of research, which has largely focused on developed countries, indicates that the impact of immigration on the overall native wage is relatively small. However, there may be larger negative wage effects on specific subgroups, particularly the native workers who are most likely to compete with immigrants-in developed countries, these tend to be low-skilled individuals. For a review of this literature, see Blau and Mackie (2016) and Clemens and Hunt (2017).

This evidence from developed countries tends to be consistent with the recent findings for Latin America. For example, Contreras and Gallardo (2020b) examine the labor-market impacts of immigration in Chile and find that a negative impact on native workers' wages that primarily affects low-skilled men. Chile has experienced a significant increase in immigration flows in recent years. From 2011 to 2017, the period Contreras and Gallardo (2020b) analyze, the number of immigrants as a share of the total population went from 1.4% to 4.4%, making Chile, which is a small country, an interesting case study.

Immigrants in **Chile** have one more year of schooling than natives, on average, yet they tend to work in sectors characterized by low-skilled jobs. For instance, more than half of all migrant workers are employed in the following four sectors: wholesale and retail commerce, hotels and restaurants, real estate, and domestic work in private homes. It would therefore be reasonable to expect that a potentially negative effect on wages would have a disproportionate impact on low-skilled Chileans. Contreras and Gallardo (2020b) show that there is indeed a negative effect on this subgroup's wages, particularly for men, while there are no measurable impacts on high-skilled native workers.



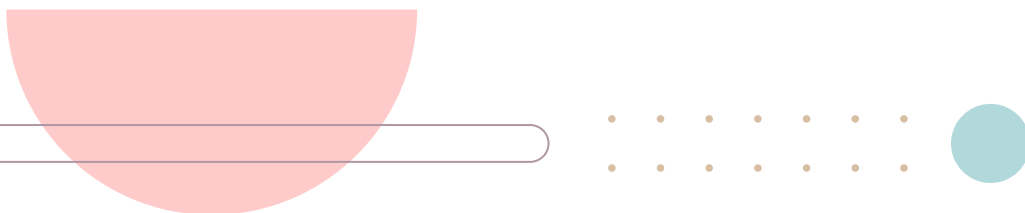
Their finding that migrants are relatively more educated than the native population but tend to work in sectors intensive in low-skilled labor also suggests the existence of some degree of skill downgrading. This is the practice by which migrants “downgrade” their skills and accept jobs quickly even if they are overqualified for them, and Blyde et al. (2020) indeed find evidence of this in Chile. Skill downgrading could represent a lost opportunity for the host countries because the immigrants are creating value below their potential, given their capabilities. The more general literature on migration shows that skill downgrading tends to decline over time as migrants increasingly access jobs that better match their skills (Dustmann et al., 2016). A reduction in skill downgrading in Chile would reduce the wage pressure on the low-skilled native population found by Contreras and Gallardo (2020b).

Another study in Latin America that is consistent with the evidence in developed countries in which migrants exert differentiated impacts across subgroups of the native population is Hiller and Rodríguez Chatruc (2020). The authors examine the impact of female migrants from **Haiti** on women from the **Dominican Republic** (DR) with different skill levels and family structures. The Haiti-DR corridor is one of the most important migration corridors in Latin America and the Caribbean. In 2017, for example, 5.6 percent of the DR’s more than 10 million inhabitants were foreign-born, and 87 percent of the foreign-born were from Haiti. These figures make the DR one of the countries with the largest share of foreign-born population in the region.

Haitian women in the DR are on average younger and have lower education levels than Dominican-born women. Accordingly, it could be expected that these female immigrants will compete in the labor market with native women with low levels of education rather than with high-skilled women workers. The authors indeed find that exposure to immigration is associated with a decline in the intensive margin of female labor supply (hours worked) and earnings among low-skilled native women.

Interestingly, Hiller and Rodríguez Chatruc (2020) also find that the same exposure to female immigration is associated with an increase in the labor supply of high-skilled women with dependents. The authors define family dependents as being children up to the age of 8 or adults of 65 and over who live in the worker’s household. The result is consistent with the so-called household channel that the literature identified in developed countries (see Cortés and Tessada, 2011). The notion behind this channel is that migration reduces the costs of services like cleaning or childcare, allowing women to increase their labor supply. This effect is more likely to prevail in groups that have higher wages and thus a higher opportunity cost of time—typically women with higher skills.

Focusing on the case of **Nicaraguan** migrants in **Costa Rica**, Blyde (2020) also finds that migration has heterogeneous labor impacts on the native population. Specifically, it has negative effects on low-skilled individuals, who are the most likely to compete with the migrant population for work, but positive effects on high-skilled workers.



Nicaraguans have been migrating to Costa Rica for years, going from representing less than 2 percent of the country's population in the early 1980s to around 7 percent by 2018. Nicaraguans in Costa Rica are largely low-skilled: in 2018, for example, 78.6 percent of working-age Nicaraguans had incomplete secondary education or less, and only 2 percent had completed tertiary education. The corresponding numbers for Costa Ricans were 58.3 percent and 9 percent, respectively. Given their low education levels, Nicaraguans tend to work relatively more than Costa Ricans in low-skilled jobs. For example, half of the Nicaraguans working in Costa Rica are employed in elementary occupations, as compares to just 22 percent of native-born Costa Ricans. It is then reasonable to expect that the employment of Nicaraguans in low-skilled jobs might have a relatively greater effect on those members of the native population with similarly low skills. This is one of the results found by Blyde (2020), who observes negative, albeit small, effects on the employability of low-skilled men and women in Costa Rica.

Blyde (2020) also examines cross-skill effects. While it is reasonable to expect that Nicaraguan workers might have a negative effect on Costa Rican workers with comparably low skills when they compete for similar jobs, these migrants may also impact higher-skilled native individuals in several ways. The household channel, which was mentioned above, is one such example. Migrants may also reduce the costs of production in certain sectors by raising their output and thus increasing the demand for higher-skilled natives. This is the complementary skills channel mentioned above. For example, Blyde (2020) finds that Nicaraguan migrants are associated with an increase in the employability and the earnings of high-skilled women in Costa Rica, an effect that is observed regardless of whether the women in question have dependents or not. Consequently, there is evidence supporting the household channel, such as Hiller and Rodríguez Chatruc (2020), and other evidence that the complementary skills channel might also be at play.



TABLE 1: Summary of main findings

 Author	 Origin	 Destination	 Period	 Area	 Results
Contreras et al. (2020b)	Multiple		2011–2017	Labor	Wages of low-skilled men (-)
Hiller et al. (2020)			2003–2016	Labor	Hours worked and earnings of low-skilled women (-), hours worked of high-skilled women with dependents (+)
Blyde (2020)			2010–2018	Labor	Employment of low-skilled workers (-), employment and earnings of high-skilled women (+)
Bahar et al. (2020)			2017–2019	Labor	Native workers' wages (0), formal employment (-)
Morales et al. (2020)			2008–2018	Labor	Medium-skilled workers' wages (-), employability of high-skilled workers (+), formality of high-skilled workers (+)
Contreras et al. (2020b)	Multiple		2014–2018	Education	Reading test scores of boys (-), math test scores of boys and girls (-)
Namen et al. (2020a)			2012–2018	Education	Promotion rates at public schools (-), dropout rates at public schools (+)
Ibáñez and Rozo (2020)			2012–2018	Health	Chickenpox (+), tuberculosis (+), AIDS (+), syphilis (+)
Ajzenman et al. (2020)	Multiple		2008–2017	Crime	Crime rate (0), perceptions about crime (+)
Al Masri et al. (2020)	Multiple		2010–2017	Trade	Exports of differentiated goods (+), imports of homogeneous and differentiated goods (+)
Ronconi (2020)	Multiple		2004–2010	Assimilation	Pension funds (+), taxes (+), illegal housing (+)
Rubio (2020)		Multiple	2016–2017	Children left behind	School attendance (-), educational lag (0)
Diez et al. (2020)		Multiple	1960–2018	Diaspora networks	Number of publications (-), quality of publications (+)
Bandiera et al. (2020)		Multiple	2010–2018	Labor, firm outcomes	Employment (+), wages (-), firm growth (+), firm productivity (+), exports (+)
Buchelli et al. (2020)		Multiple	2010–2015	Financial inclusion	Bank branches (+), fixed-term accounts (+)

Another labor-related study on migration takes a crucial look at the role of amnesty policies. Bahar, Ibáñez, and Rozo (2020) examine the labor-market impacts of a large-scale amnesty program that granted work permits to nearly half a million **Venezuelans in Colombia** during 2018. Overall, the authors could not distinguish any sizable and significant effects of the program on wages and only found a small but negligible effect on formal employment.

This is an important study because granting work permits to irregular migrants often faces resistance from governments over fears of political backlash. When such programs are implemented, they can involve large amounts of red tape and rigid eligibility criteria.

The study by Bahar, Ibáñez, and Rozo (2020) is also particularly significant because of the scale and speed of the migration shock that they analyze. Between 2015 and 2019, approximately 1.8 million Venezuelans migrated to Colombia, increasing the country's population by more than 2 percentage points. It is these kinds of sudden large migration shocks—which are typical of forced migration—that destination countries might find the hardest to absorb, especially developing countries without deep labor markets.

The episode that the authors studied was prompted by a nationwide government survey initiative that sought to register all undocumented Venezuelan migrants residing in Colombia. The survey, which was conducted between April and June of 2018, registered about 442,000 Venezuelans, who then were eligible for a formal temporary migratory permit, the *Permiso Especial de Permanencia* (PEP). This granted undocumented Venezuelan immigrants the legal right to work and access to basic services. The authors analyzed how this sudden legalization of migrants affected the labor-market outcomes of Colombians. They were unable to identify any large, significant effects on wages but found a small, albeit negligible, effect on formal employment.

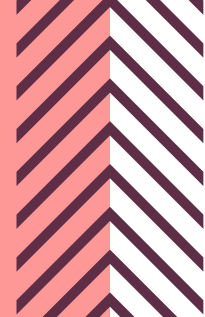
Bahar, Ibáñez, and Rozo (2020) put forward several explanations for these results. First, many migrants may already have a job in the informal sector—which is very large in Colombia—and thus might not perceive any benefits in becoming formal employees. It is also possible that employers might not be sufficiently informed or familiar with migrant status and thus might not trust documents like the PEP, particularly if these they have only been created recently. **A sudden increase in the labor supply of immigrants in the formal sector can also create other general equilibrium effects, such as an increase in aggregate demand, which might not necessarily lead to negative effects on the labor market. Another plausible explanation is that migrants are complementary to local workers and thus do not compete in the same labor pool.**

Caution should be exercised when extrapolating the results of this study to other contexts, but given the lack of sizable impacts found and the magnitude of the shock in question, the authors' findings suggest that countries should look more favorably on the kinds of policies that regularize migrants' status during episodes of forced migration or displacement.

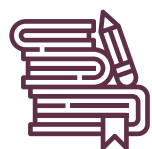
Morales and Pierola (2020) also analyze the impact of migration from Venezuela, but on **Peru**, the country in Latin America that has received the second-largest number of Venezuelan migrants, after Colombia. Between 2015 and 2019, Peru received around 860,000 Venezuelan migrants, 85 percent of whom are concentrated in the Lima Metropolitan area.

Focusing on 2008–2018, Morales and Pierola (2020) find more evidence that migrants can both complement and substitute native-born workers depending on the latter's skill levels. Specifically, the authors find a small negative effect on the earnings of individuals with secondary education and a positive impact on the employability of individuals with tertiary education. There is also a small decrease in the informality levels among native-born workers with tertiary education. Accordingly, the arrival of Venezuelan migrants seems to provide incentives for high-skilled workers to switch to the formal sector, which contributes to the overall increase in their employability.





The evidence in most of these studies is in line with the more general findings in the literature that immigration tends to benefit high-skilled occupations, where skill complementarities are more prevalent, while displacement tends to have a relatively greater effect on less-educated native-born workers (Özden and Wagner, 2018). Given the potential existence of these effects, governments should aid native-born workers in their adjustment and reallocation process if needed. Assistance can involve retraining programs that would provide more relevant skills or relocation assistance whether these workers are changing occupations, cities, or sectors of employment.



Education

There is a growing strand of the literature that examines the effect of immigration on the educational outcomes of native-born children. In principle, there is not a unique direction of the impact on educational outcomes. Native children could be affected for instance because of school congestion but also because of peer effects which could be positive or negative.

Most of the empirical studies do not find that interaction with immigrants has significant impacts on native-born students. For example, Van der Werf (2019) focuses on a period at the end of the Vietnam War and finds that the inflow of Indochinese refugees in the US did not affect native-born children's academic achievements. Similarly, Figlio and Ozek (2019) look at the Haitian migrants who arrived in Florida after the 2010 earthquake and find no effects on the educational outcomes of the native-born students enrolled in public schools. Assaad et al. (2018) find that the arrival of Syrian refugees had no effect on the educational outcomes of Jordanian children, nor do Ohinata and van Ours (2013) find that having refugees in the classroom affects the educational outcomes of Dutch students. A few studies find

some evidence of heterogeneous impacts. For example, Diette and Oyelere (2017) examine the impact of immigrants on fourth- to eighth-grade students in North Carolina, USA. Specifically, the authors analyze the impact on achievements in math and reading and find some evidence of positive effects among those in the middle and bottom portions of the achievement distribution and small negative effects at the top of the distribution. Finally, Jensen and Würtz-Rasmussen (2011) study the effect of immigrant concentration on reading and math skills in Denmark and find that only math test scores were impacted negatively.

Moving to the recent evidence in Latin America, Contreras and Gallardo (2020a) examine the impact of migration on the educational outcomes of native-born students in **Chile**. In recent years, Chile has experienced a major increase in the number of migrants enrolled in its education system. For instance, the share of migrant students went from 0.9 percent in 2015 to 3.2 percent in 2018. Taking advantage of the free education available in the country, the majority of migrant children go to public schools. For example, around 60 percent

of migrant students attend public institutions, as compared to 35 percent of Chilean students. Contreras and Gallardo (2020a) estimate the effects on the reading and math achievements of fourth- to sixth-grade Chilean students between 2016 and 2018. These achievements are measured through standardized test scores.



The authors show that the migration shock during this period is associated with a negative impact on reading achievements for native-born male students and negative impacts on math achievement for both genders. The authors also show that the effect on reading is larger when the migration shock is mostly driven by non-Spanish-speaking students. This last result implies that schools might not have the capability to effectively address the needs of non-Spanish-speaking migrants without compromising the quality of education for native-born students. In addition, Contreras and Gallardo (2020a) find that migration induces a switch from public to private schools among students from high-income households, a mechanism which the authors consider contributes to the average negative effects observed in the academic performance of native-born students.

Namen et al. (2020) also examine the impact of migrants on education outcomes, focusing on the impact of the **Venezuelan migration in Colombia**. The Colombian government has implemented several initiatives to facilitate the integration of Venezuelan children into public schools. For example, Decree 1288 of 2018 simplified the process for Venezuelans to validate their educational levels through standardized tests. This policy was

designed to allow migrant children to enroll in school grades according to both their age and prior academic achievement. In addition, also since 2018, the Colombian government has allowed Venezuelan children to attend public schools regardless of the immigration status of their households. Namen et al. (2020) estimate the impact of Venezuelan migrants on schooling outcomes in migrant-receiving municipalities in Colombia between 2012 and 2018.

The authors find that the migration shock increased the enrollment of both male and female foreign students. This effect is mainly driven by public schools and is more pronounced among younger children, who mainly enroll in primary school. They also find that schools with more migrants are associated with falling promotion rates (the share of students who were promoted in any grade over the total school enrollment at the end of the year) and increasing dropout rates among both native-born and foreign students, although the effects on the former are larger. The effects only occur in public schools and tend to be larger among primary school grades than secondary school ones. Interestingly, the authors do not find any impacts on native-born students' school performances. Namen et al. (2020) document that the mechanisms that explain the negative effects on promotion/dropout rates have to do with school congestion, as shown by increases in the pupil-to-teacher ratio.

The results indicate that Venezuelan migration to Colombia has generated some pressure on the education system, mostly in public schools and relatively more severely at the primary level.



This may provide some guidance in terms of how to prioritize additional resource allocation within the country's education system. It is worth bearing in mind that educational expenditures on children and young adults are not only a cost but are also a significant investment. Children eventually join the workforce and pay taxes: the more education they receive and the better quality this is, the higher their eventual earnings typically are, and therefore the more they will eventually pay in taxes.



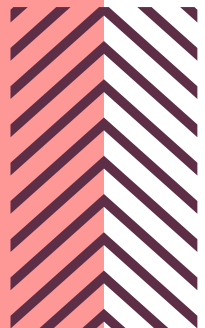
Health

How large immigration inflows impact health outcomes has not been explored so extensively in the economic literature. Two noteworthy exceptions are the studies by Montalvo and Reynal-Querol (2011) and Baez (2011). These papers find that forced migration caused by civil conflict increases the incidence of malaria, diarrhea, and fever in destination countries.

One channel through which migration may affect health outcomes is the spread of infectious diseases. The health conditions of migrants depend on the epidemiological profile of their countries of origin, the migration process, and their living conditions in destination countries. Ibáñez and Rozo (2020) examine the effect of **Venezuelan migration to Colombia** on the spread of infectious disease among the local population. Given the collapse of the Venezuelan health system, the poor conditions of migrants travel in, and their vulnerable situations in destination municipalities, migrants might be more prone to infectious diseases.

The results of the paper show that increased migration inflows to Colombia increased the incidence of vaccine-preventable diseases (chickenpox and tuberculosis) and sexually transmitted diseases (AIDS and syphilis). The effects are sizable. An additional one standard deviation of migration inflows increases the incidence of chickenpox by 4.8 percent, tuberculosis by 4.9 percent, AIDS by 10 percent, and syphilis by 6.9 percent. The impact of chickenpox is driven by incidence among children, while adults drive the impact for the other three diseases.

Destination countries may prevent the spread of infectious diseases by supporting migrants through the relocation process. The immunization of the migrant population upon arrival and access to health services reduces their risk of contracting and spreading infectious diseases and facilitates the early detection of infected individuals, which is crucial to halting the spread of these diseases.





Crime

The study of crime has become increasingly popular and a growing number of connections between this and the migration literature have been made in recent years. The general notion behind the crime literature is that when deciding whether to commit a crime, people compare the benefits of doing so with the costs. The benefits are the rewards that crime provides, while the costs are the probability of getting caught and the resulting penalties. If immigrants face lower employment opportunities or lower wages than native workers, they might be more likely to commit a crime. On the other hand, immigrants have often given up a lot to move, and they may be unwilling to participate in criminal behavior that puts them at risk of having to return home. Moreover, if law enforcement agencies target immigrants more than natives, immigrants may be more careful not to commit crimes. Accordingly, there are no a priori expectations regarding the relationship between immigration and crime.

Geographically, the immigration rate may be positively related to the crime rate because immigrants may live in areas that are more prone to crime. Accordingly, careful analysis is required to disentangle whether immigration leads to higher crime rates or whether immigrants are just more likely to live in locations where crime rates are high. The evidence in the literature is mixed. Some studies find that immigration has no impact

on crime (Bianchi et al., 2012); others that immigrants are associated with an increase in certain types of crimes, mostly property crimes, but not others (Spenkuch, 2013); and some that immigrants bring about a reduction in the crime rate (Özden et al., 2017) as a consequence of the improvements their arrival triggers in economic activity, for example.

Turning into the recent evidence from Latin America, Ajzenman, Dominguez, and Undurraga (2020) study the relationship between immigration and crime in **Chile** between 2008 and 2017. Importantly, they also analyze the effect of immigration on perceptions of crime, exploring a potential link between this and crime and migration. The authors exploit data on the location of immigrants, crime, and perceptions of crime at the municipality level in Chile.

Ajzenman, Dominguez, and Undurraga (2020) did not find an association between immigration and any type of crime that they analyze (total crime rate, theft, larceny, burglary, assault, and robbery). However, the authors found a large effect on public concern regarding crime. Specifically, municipalities with more migrants were associated with larger proportions of people stating that crime was their greatest concern, that crime affects their quality of life, and that they believe they will be a victim of crime.

The results highlight the potential disconnects that may be present in communities hosting large pools of migrants, in which citizens' concerns regarding the potential effects of immigrants on crime may bear no relationship with what is happening on the ground. From a policy point of view, the authors' finding underlines the importance of understanding what drives attitudes toward immigrants and what type of interventions might work best in reducing prejudice toward them.



International trade

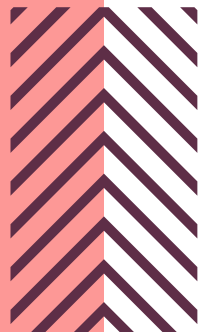
Immigrants can be both consumers and producers of goods and services that are traded internationally and can therefore affect a country's exports and imports. As consumers, immigrants are likely to want goods and services from their country, thus they may lead to an increase in imports. As producers of goods in the destination country, those goods may be exported back to their countries of origin. The general notion is that immigration enhances migrant networks, increasing the information about the country of origin which reduces the transaction costs of trade between the origin and destination countries.

There is evidence of a positive association between immigrants and imports and exports. For example, Eger et al. (2012) find that OECD country imports are positively affected by the immigrant population, while Peri and Requena-Silvente (2010) show that an increase in the number of immigrants living in a province in Spain leads to an increase in the exports of that province to the immigrants' country of origin.

In Latin America, Al Masri and Vargas-Silva (2020) study the relationship between immigration and trade in **Brazil**. The authors examine the trade-related effects of immigrants in general and Haitian migrants in particular. After the 2010 earthquake in Haiti, Brazil received close to 100,000 Haitians between 2010 and 2017, incentivized in part by the fact that Brazil led the United Nations peace-keeping mission in the country for several years.

The authors find that immigration to Brazil during this period had a positive impact on Brazilian exports and imports with the various countries of origin the immigrants were from. The positive impact on imports was observed for both homogeneous goods and differentiated products, while the positive impact on exports was only observed for differentiated products. With respect to Haitian migration, they find no impacts on imports but do observe a positive impact on Brazilian exports of differentiated products to Haiti.

Differentiated products are normally goods that are associated with multiple characteristics, varieties, and qualities, as opposed to homogeneous goods, which can be traded through international exchanges and whose characteristics are usually well known. As such, trade in differentiated products is typically associated with relatively more information frictions, which are the type of friction that can be alleviated through migrant networks. This might explain why the positive impact on exports is only observed for differentiated products. The finding that Haitian migration leads to more trade with Brazil suggests that new diasporas resulting from a natural disaster may be able to contribute to their country's recovery via the trade channel.





Assimilation

Once they arrive in a destination country, many immigrants learn a new language, acquire more education or new skills, or enter a new occupation. The assimilation of immigrants is intrinsically related to their legal status. Migrants might be more likely to engage in human capital investments that allow them to adapt to a new culture and society if they can remain in the country legally (Özden and Wagner, 2018). In countries where integration is difficult or discouraged, irregular migrants might thus live in isolated communities with minimum social, cultural, and economic linkages with the host country.

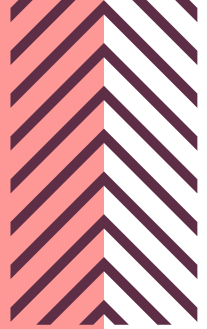
A recent study for Latin America examined the assimilation impact of a large regularization program implemented in Argentina between 2004 and 2010 (Ronconi, 2020). The program resembles the initiative to regularize Venezuelans in Colombia in 2018 that was analyzed by Bahar et al. (2020), as mentioned above. While Bahar et al. (2020) focus primarily on how regularization impacted the labor outcomes of the native-born population, Ronconi (2020) examines whether regularization prompted greater assimilation of the migrants themselves.

The program in **Argentina** was large-scale: almost half a million immigrants were allowed to regularize their status, representing approximately 29 percent of the country's total immigrant population at the time. Immigrants were able to obtain a temporary residency permit and an Argentinian tax identification number simply by providing evidence that they had not entered the country clandestinely and by signing an affidavit that they had no criminal records. Importantly, most of the immigrants whose status was regularized were young adults with little formal education.

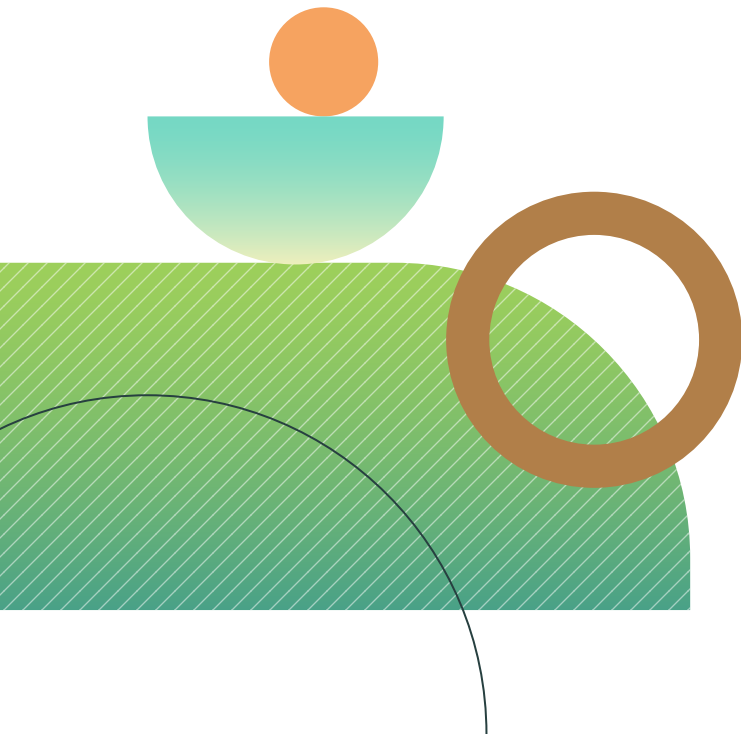
Ronconi (2020) analyzes the impact of this program and is interested in two broad questions. First, does regularization improve access to better conditions for migrants (such as access to formal employment, education, and social benefits)? Second, does regularization improve migrants' civic behavior (such as reduced crime rates, more tax payments, and less illegal occupation of land)? In terms of access to better conditions, the author found no measurable impacts on access to formal employment or education and a small impact on social benefits in the form of pensions. In terms of civic behavior, the author finds a small effect in terms of an increase in tax payments.

Ronconi's (2020) examination of illegal occupation of land is based on a much more limited database than those used for the other variables and thus only provides descriptive evidence.



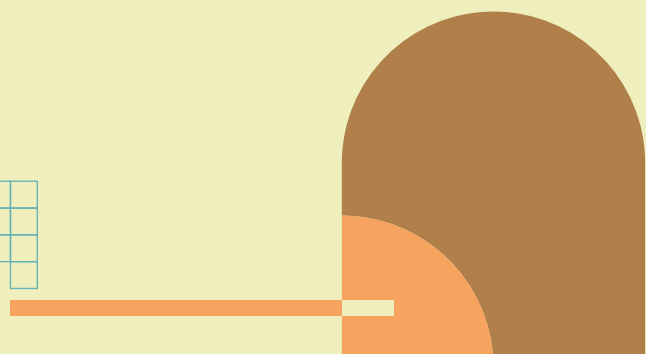
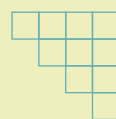


The results on this front suggest the existence of a positive association between the intensity of regularization initiatives and the illegal occupation of land. The author argues that while regularization might remove one of the barriers to formally renting or buying property legally, there were other constraints—such as adequate financial means—that were still binding. While these additional constraints remained in place, many immigrants were still excluded from the legal real estate market and some felt emboldened by the reduced fear of deportation to access housing via illegal means. This hypothesis requires further investigation, but it nevertheless highlights the multiple barriers beyond legal status that migrants face in assimilating to their destination countries, particularly in the case of low-skilled migrants.



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3. IMPACT OF MIGRATION ON COUNTRIES OF ORIGIN





3. IMPACT OF MIGRATION ON COUNTRIES OF ORIGIN

The previous section focused on the effects of migrants in destination countries. This section considers the impacts on their countries of origin. Typical migration topics in countries of origin include the effects of family separation on those left behind, the role of diasporas in the development of the home country, and the impacts of migrants when they return. Below we summarize recent evidence for Latin America and the Caribbean on these issues.




Children left behind

One important challenge related to migration is family separation. Family separation can be particularly difficult for children left behind in the country of origin. In Latin America, it has been reported, for example, that 47 percent of migrants from the Northern Triangle countries have children, 54 percent of whom live in the country of origin (Abuelafia, Del Carmen, and Ruiz-Arranz, 2019). Family separation can have different effects on children that remain in the country of origin. On one hand, children whose parents have migrated may have access to financial resources that were previously unavailable through remittances, which may be invested in children's education and well-being. However, the absence of one or both parents may imply a reduction in the quantity and quality of time each parent allocates to the development and monitoring of their children as well as a reduction in the emotional and psychological support that children need. There may be additional consequences, such as children having to work or drop out of school to emigrate like their parents.

Some studies in this literature have found that parent migration can have positive effects on children's developmental outcomes through remittances (Acosta, 2006, and López-Córdova, 2005). Despite these positive effects, a significant number of analyses have found parent migration to be associated with detrimental impacts on educational outcomes, including lower educational aspirations (Nobles, 2011), reductions in study hours (Antman, 2011), lower probability of attending school (Halpern-Manners, 2011), and fewer completed years of schooling (McKenzie and Rapoport, 2011).

Turning to the recent evidence in Latin America, Rubio (2020) examines the impact of parent migration on the educational outcomes of children left behind in **El Salvador**. The continuous emigration of Salvadorans has created some of the highest levels of emigrants as a share of the total resident population in Latin America, which currently stands at 24.8 percent. Survey data from El Salvador reveals that 41 percent of all children in the country live without at least one parent, 76 percent of whom live only with the mother, five percent only with the father, and 19 percent under a different arrangement.² Rubio (2020) analyzes data for 2016–2017 and examines two educational outcomes: school attendance and educational lag, the latter of which the authors define as when children are at least two years below the grade they should be in according to their age.

Rubio (2020) finds that children with at least one migrant parent are less likely to attend primary and secondary school, with the effect being stronger for boys between 13 and 17 years of age. The author finds no statistically significant effects on educational lag. Regarding the mechanisms explaining lower school attendance among older boys, Rubio (2020) shows evidence indicating a greater likelihood of their working, which in turn suggests a greater intention to migrate in the future.



The results underline the importance of working with migrants' family members who remain in the country of origin, particularly those who care for migrants' children. While it is difficult to generalize, reasonable interventions might include policies that seek to increase children's school attendance as well as providing opportunities for young people to complete their education through technical degrees, for example.

² Based on *Encuesta de Hogares de Propósitos Múltiples* (EHPM), 2017.





Diaspora networks

Another challenge in countries that experience high rates of emigration is the potential shortage of certain essential occupations, like health care workers. If migrants are disproportionately high-skilled workers and the consequences of their emigration are perceived as negative, the resulting situation is often described as “brain drain.” However, nationals living abroad can also have positive impacts on the country of origin. Besides the role of remittances, strong migrant networks abroad could potentially benefit countries of origin through better access to capital, technology, and ideas (see Bahar, 2020, for a review of this literature). The term “brain gain” has been coined to describe the potential benefits of emigration in the country of origin, which may offset some of the effects of a large pool of educated individuals not being physically present to contribute to the development of their home country.

A recent analysis of the **Venezuelan** exodus focuses on the impacts of high-skilled workers such as university teaching staff, research scientists, and technologists leaving the country (Diez

et al., 2020). Because these individuals are responsible for training future professionals and producing and transferring knowledge through research, their departure may have a negative impact on the research community that is left behind and potentially an intergenerational effect by reducing the possibilities of future professionals receiving training. On the other hand, these individuals may acquire new knowledge abroad after migrating and may continue to work or generate productive networks with their peers in their country of origin, which could generate positive impacts in the country of origin.

Diez et al. (2020) find that for the researchers that stay in Venezuela, the number of publications is negatively associated with the emigration of previous co-authors, but the quality of their research improves, as observed by publications in indexed journals. The latter result is related to partnering with researchers who have migrated, which supports previous findings that migrants can diffuse knowledge and ideas acquired abroad through networks with their homeland (Bahar, 2020).





The potential detrimental effects of high-skilled emigration described in Diez et al. (2020) calls for public policies designed to mitigate these negative impacts and, ideally, to leverage this diaspora's potential contribution to their home country. Two interesting mechanisms for engaging with the diaspora are virtual return and remote service provision.

The concept of virtual return takes advantage of information technologies to promote the immigrant's connection with their country of origin and thus incentivizes the transfer of ideas and knowledge while the migrant remains physically in the destination country. Virtual return is typically implemented through migrants teaching courses, leading online seminars, and mentoring local students. Information and communication

technologies also make it possible for the diaspora's talent to be harnessed by them providing specific services remotely. One example of this is telemedicine, where technologies allow doctors in the diaspora to carry out consultations, diagnoses, and even surgery remotely and in real time. Other services that can be provided remotely include accounting, auditing, IT, and legal services.





Return migration

Not all people who migrate remain abroad. Some return migration is involuntary, such as when an unauthorized immigrant is deported or when a temporary foreign worker would like to remain in the destination but their work permit has expired. Some return migration is voluntary, perhaps because conditions in the origin or the destination have changed, because the immigrant had always intended to return home, or because they were able to achieve the objectives that prompted them to migrate. Some return migration is due to migrants being overly optimistic about their prospects in the destination country.

Return migration has been associated with several positive outcomes in the country of origin. For example, the literature finds that returned migrants are more likely than nonmigrants to start their own businesses (Wahba and Zenou, 2012) and that they may diversify production at home and foster exports (Bahar et al., 2019), contribute to a reduction in community violence (Bucheli, Fontenla, and Waddell, 2019), or increase demand for political accountability (Batista and Pedro, 2011).

A recent study for Latin America analyzes the impact of returned migrants in **El Salvador**, a country to which large numbers of migrants have returned (Bandiera et al., 2020). Between the mid-1990s and 2017, for example, around 400,000 Salvadorans were repatriated. While in some cases this was due to criminal activity, most returned migrants did not have criminal records. A potential



concern about returned migration in El Salvador is the impact that returnees could have on the labor market and its capacity to absorb a large labor supply shock. On the other hand, returned migrants might also represent a labor demand shock, as these individuals increase consumption. They may affect production technologies, know-how, and firm trade in countries of origin by bringing new knowledge and commercial networks.

Bandiera et al. (2020) studied the impact of returned migrants in El Salvador during the 2010-2018 period on several outcomes including employment, earnings, and several firm characteristics. The authors find that the increase in the overall labor supply induced by the returned migrants is associated with higher employment and lower wages. At the same time, repatriations are found to positively affect firm growth, firm productivity, and exports. The results support the notion that returned migrants can generate a dual impact in their home country through labor supply and demand shocks.

Another recent study on the impact of returned migrants in Latin America is Buchelli and Fontenla (2020). They look at **Mexico**, which is an interesting country to analyze given the increasing flows of returned migrants. More Mexicans are now returning to Mexico than migrating north—approximately 11.4 million Mexicans were living in the United States in 2019 as compared to 12.8 million in 2007, when numbers peaked.

Buchelli and Fontenla (2020) specifically explore whether returned migration impacts financial inclusion in Mexico. There are several potential mechanisms through which this could take place. For example, returned migrants who have built up savings overseas may increase demand for financial services such as electronic transfers, currency exchanges, safe storage of funds, and interest-bearing accounts. The experience of the migrants abroad itself may increase the likelihood of individuals participating in the financial system upon return if they accessed banking services in their destination country. Alternatively, returned migrants could use repatriated savings as an alternative to formal banking services, which would not impact financial inclusion.

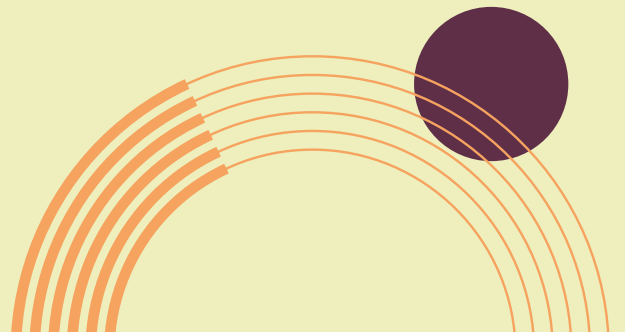
Buchelli and Fontenla (2020) combine data on access to and use of financial services by municipality in Mexico for 2010 and 2015 with return migration rates estimated from the 2010 Mexican census. The authors find that return migration has a positive effect on the use of formal savings instruments, as captured by fixed-term accounts. This finding supports the notion that return migrants are likely to come back with savings they have built up in the destination country. They also find that return migration is associated with increases in the number of bank branches per capita in the country of origin, which the authors take as an indication that financial institutions respond to the rise in demand caused by the inflow of savings from abroad.



An adequate financial system is fundamental to any country's quest to promote growth, maintain businesses and employment rates, and reduce poverty and inequality. The results of this study suggest that return migration, through its effect on financial inclusion, may be an important component to improving countries' financial systems.



4. CONCLUDING REMARKS



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