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A review of *Migrants and Markets: Perspectives from Economics and the Other Social Sciences*, eds. Holger Kolb & Henrik Egbert

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Abstract:

The book presents a series of case studies that analyse the relationship between economics and the other social sciences. Emerging from a conference in 2006, some essays look at migration in terms of concepts such as trade and club theory, others analyse migratory patterns and the factors affecting migrant choices. The papers draw on a variety of research methods in order to consider the positive and negative outcomes of migration, and thereby provide a new perspective on issues that are often clouded with contention.

To study migration is to study a process of movement that may be governed by political pressures, social concerns, economic needs, and personal impulses to name a few. Economists tend to view individuals as rational decision-makers who evaluate the costs and advantages of migration and then act in order to maximise the advantages. Sociologists meanwhile will look at how an individual interacts within a structure or institution. Both of these approaches can provide a valuable perspective on migration. But a perspective is only ever partial, part of the picture.

In his introduction to *Migrants and Markets: Perspectives from Economics and the Other Social Sciences*, Kolb outlines his view that 'economics is the social science that has the methodological toolkit needed to analyse all social phenomena'. Thus economics is presented as a key means of advancing the study of migration. The collection of papers from the conference combines the expertise of researchers from different disciplines in order to bridge the gap between economic and social science research, thereby presenting a more coherent picture of migration and the issues associated with it. With such an ambitious vision, the collection does fall short in some areas. It is important first of all to note that the majority of the case studies are concerned with migration to and within Europe, and so they present a geographically limited analysis of the impact of migration.

Amongst other case studies, Michael Windzio considers the push and pull factors that influence migration from East to West Germany. He notes that exit depends on both

individual and contextual factors, such as access to resources; involvement in social networks; regional unemployment rates; spatial distances to East-West border; unemployment compensation; and gender. He appears particularly concerned with how the push effect of local unemployment may be counterbalanced by the bonding effect of welfare institutions.

Other researchers argue for a change in the German immigration laws in order to encourage skilled migration (Simon Fellmer), and consider the impact of Chinese student migration on education with reference to the UK and France (Wei Shen). Meanwhile Irena Kogan and Yinan Cohen analyse the educational levels and labour market attainment of Jewish immigrants from the Former Soviet Union in Israel and Germany to see whether Germany, with more extensive welfare assistance, is more attractive for less skilled immigrants from the former Soviet Union.

Many of the essays here serve to raise more questions than they answer. In the essay 'States as Clubs?' Kolb looks at how club theory can be applied to migration. The theory goes that clubs that suffer crowding out should analyse each new potential member and admit them when marginal revenue is equal to marginal cost. Thus people should be accepted only when they will have a neutral or positive impact on the rest of the 'club'. This theory can be applied to countries, and to immigration policy, if one considers how states may influence the composition of their membership: increasing or decreasing the native population through policies that incentivise or disincentivise birth, and by considering immigrants not in terms of ethnic requirements but with regard to other factors such as skill level.

Kolb notes that states differ from clubs in one basic aspect, that everyone is a member somewhere, thus the states as clubs theory is simply an 'ideal construct', a way of analysing policy options. Obviously, club theory is not a good empirical theory of citizenship. After all, children are a human right, and most are born naturally and not out of a considered analysis of state policy. This theory can give an insight into the difficult question of who should be allowed in to a country; still, this insight should come with the consideration that it is only one angle.

The economic models used in the case studies provide a unique testing ground: researchers can test assumptions and consider policy options within carefully controlled environments, which are a far cry from the vagaries of real life. This is both an advantage, in that it allows for a greater degree of scientific accuracy, and a disadvantage, in that there is this distance from reality. Thus, although the case studies provide stimulating insights into the field of migration, considering contentious topics like the impact of immigration on the labour market in a seemingly more objective light, they are also limited by their approach.

The collection shows not only the value of adding an economic perspective to any consideration of migration and its effects but also the importance of considering how all these 'perspectives' are made. In contrast with the anecdotal evidence that is the mainstay of many social sciences, economics has long been vaunted as a scientifically accurate discipline. By drawing the economic methods together with more qualitative work in this volume, the editors Kolb and Egbert not only provide new perspectives on migration but also on economics itself. In his case study, 'The Impact of Immigration on the Labour Market: A Survey', Christian Lumpe notes that both in the theoretical literature and in empirical studies there are 'three major results for the impact of immigration on native wages and employment'. These range from a significant negative impact, to a modest impact through to

a positive impact and so, he notes, 'everything is possible'. The results therefore depend on what assumptions and what model is used by the researchers.

Whilst it is common to consider the claims that migrants make on the host country, one should note that immigrants also demand goods and services and make expenditures that enhance the host economy. In addition, many of these essays consider the effects of immigration on the economic and social fabric of the *host* country, with limited references to the potential benefits for migrants and their own networks. In the later case studies however, the focus of analysis does turn to remittances, skills and the impact that migration has on foreign trade and trading relationships. Metodij Hadzi-Vaskov refers to the increasing importance of remittances for developing countries, with the inflow of remittances becoming the second most important source of foreign exchange for developing countries in the mid-1990s. Bacarreza and Rudd meanwhile observe that immigrants have been shown to facilitate trade, enabling lower transaction costs in expanding trade with their country of origin. They outline the statistically significant effects of both immigration and emigration on trade flows in Bolivia, with every 10% increase in the number of immigrants allowing for a 0.8-0.9% increase in imports and exports.

Immigration can affect the country as a whole, migrants, and the native labour market. The first two factors have been shown to have clear positive effects, but by ignoring these factors and focussing on how it affects the unskilled labour market some of the analyses give an ambiguous picture of the impact of immigration.

Kolb, Holger & Henrik Egbert, eds. (2008). *Migrants and Markets: Perspectives from Economics and the Other Social Sciences*. Amsterdam University Press.

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