

Syllabus

Economics of Migration

(Migrationsökonomik)

Summer semester 2020

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Dr. Tobias Stöhr

Kiel Institute for the World Economy

Email: tobias.stoehr@ifw-kiel.de

Website: <https://www.ifw-kiel.de/experts/ifw/tobias-stoehr/>

Office hours: By appointment

Samuel Siewers, M.Sc.

Phone: 0551-39-28316

Email: samuel.siewers@uni-goettingen.de

Room: Blauer Turm, MZG 8.123

Office hours: By appointment

1. General information

1.1 Course content

Students gain an overview of the economics of migration by learning its micro- and macroeconomic foundations as well as important empirical facts. They will gain basic, applied knowledge of the most important empirical methods used to study the topic, including their strengths and weaknesses, and will thus learn to critically assess academic research. Students will also gain an understanding of how science progresses in economics and how it can be used to inform policy.

Chapter 1	Introduction to Economics of Migration
Chapter 2	Migration Decisions
	a) Microeconomic Theories
	b) Macroeconomic Theories and Alternative Approaches
	c) Self-Selection and Destination Choice

Chapter 3	Introduction to Methods for Estimating Causal Effect of Migration
Chapter 4	Destination Countries
	a) Networks and Labor Market Integration
	b) Labor Market Effects of Migration
	c) Economic Impact of Immigration Beyond the Labor Market
Chapter 5	Attitudes towards Migration in Destination Countries
Chapter 6	Origin Countries
	a) Brain Drain and Brain Gain
	b) Income Gains and Remittances
	c) Social Remittances and the Effects of Diasporas

1.2 Course goals

This course provides a basic understanding of the economics of migration to better understand the economic impact of migration and the policy challenges. Starting with an introduction and theoretical models of migration, students will receive an introduction into the necessary econometric toolkit. This will then be used to show how theory can be tested and how to study the effects of immigration, emigration as well as the effects of migration on migrants themselves. Discussing migration policy will be a regular feature throughout the course.

1.3 Prerequisites

There are no formal requirements, but knowledge in the following areas is highly recommended: microeconomics, macroeconomics, econometrics, and development economics.

1.4 Credit points

6 ECTS-LP (lecture: 2 SWS; exercise session: 2 SWS).

1.5 Registration

Please register via FlexNow.

2. Course overview

2.1 Description of the teaching and learning methods

The lecture is supplemented by self-study based on provided materials and literature. The accompanying exercise session complements the lecture content. It provides a refresher for interpreting regression outputs. Research papers presented in the lecture will be discussed thoroughly with regard to content, methodology and their links to general debates in migration economics. The exercise session will also practice the writing of policy briefs to develop students' skills in policy analysis and communication. **The course language is English.**

2.2 Meetings

Lecture (*Vorlesung*):

- Thursday, April 23, 2020, 17:00-20:00, VG 4.101
- Friday, April 24, 2020, 09:00-12:00, VG 2.101
- Friday, April 24, 2020, 13:00-16:00, VG 2.101
- Thursday, May 7, 2020, 17:00-20:00, VG 4.101
- Friday, May 8, 2020, 09:00-12:00, ZHG 005
- Friday, May 8, 2020, 13:00-16:00, ZHG 005
- Thursday, May 14, 2020, 17:00-20:00, VG 4.101
- Friday, May 15, 2020, 09:00-12:00, ZHG 005
- Friday, May 15, 2020, 13:00-16:00, ZHG 005

Weekly exercise session (*Übung*):

- Thursday, April 30, 2020, 16:00-20:00, VG 4.101
- Friday, May 22, 2020, 10:00-12:00, ZHG 005
- Friday, May 22, 2020, 13:00-15:00, ZHG 005
- Friday, May 29, 2020, 10:00-12:00, ZHG 005
- Friday, May 29, 2020, 13:00-15:00, ZHG 005

Blocked exercise session for presentation of the policy reports (*Übung*):

- Saturday, May 30, 2020, 09:00-19:00, ZHG 002
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2.3 Examination and grading of the module

The grading consists of two components:

- Final exam (duration: 90 minutes) [5C]
- Policy report (drafting, oral presentation, and discussion of another student's report) [1C]

First exam date: Friday, June 26, 2020, 09:00-11:00, VG 4.101

Second exam date: Friday, October 9, 2020, 09:00-11:00, ZHG 005

Important notes:

- You need to obtain at least a 4.0 (“pass”) in the policy brief in order to be admitted to the exam. Attendance in the presentation day is mandatory.
- Before the second exam date, there will be a question and answer session on October 2, 2020, 10:00-12:00, 13:00-15:00.
- Only students who either did not write or failed the first exam are allowed to register for the second exam.

2.4 Course materials

- The required readings are announced below.
- Supplementary course materials will be announced at the beginning of each lecture and/or published on Stud.IP.
- Exercise questions will be announced during the tutorial and/or published on Stud.IP.

Reading list:

Chapter 1 Introduction to Economics of Migration

Required reading:

Esipova, Neli, Julie Ray, and Anita Pugliese. 2011. Gallup World Poll: The Many Faces of Global Migration. *IOM Migration Research Series* 43, especially pp. 20-43.

Recommended reading:

Hatton, Timothy. 2014. The Economics of International Migration: A Short History of the Debate. *Labour Economics* 30: 43-50.

Özden, Caglar, Christopher Parsons, Maurice Schiff and Terrie Walmsley. 2011. Where on Earth is Everybody? The Evolution of Global Bilateral Migration 1960-2000. *World Bank Economic Review* 25: 12-56.

Chapter 2a Microeconomic Theories

Required reading:

Borjas, G. J. (1987) Self-selection and the Earnings of Immigrants, *American Economic Review* 77(4): 531-553.

Recommended reading:

Roy, A. D. (1951) Some Thoughts on the Distribution of Earnings, *Oxford Economic Papers* 3(2): 135-146.

Chapter 2b Macroeconomic Theories and Alternative Approaches*Required reading:*

Beine, Michel, Simone Bertoli and Jesus Fernández-Huertas Moraga. 2016. A Practitioners' Guide to Gravity Models of International Migration. *The World Economy* 39: 496-512.

Recommended reading:

Harris, John R., and Michael P. Todaro. 1970. Migration, Unemployment and Development: A Two-Sector Analysis. *American Economic Review* 60(1): 126–42.

Ravenstein, Ernst G. 1885. The Laws of Migration. *Journal of the Statistical Society of London* 48(2): 167-235.

Stark, Oded and David E. Bloom. 1985. The New Economics of Labor Migration. *American Economic Review* 75(2): 173-178.

Zipf, George K. 1946. The P1P2/D hypothesis: On the Intercity Movement of Persons. *American Sociological Review* 11(6): 677-686.

Chapter 2c Self-Selection*Required reading:*

McKenzie, David and Hillel Rapoport, 2010. Self-Selection Patterns In Mexico-U.S. Migration: The Role Of Migration Networks. *Review of Economics and Statistics* 92(4): 811-821.

Recommended reading:

Beine, Michel, Frédéric Docquier and Çağlar Özden, 2011. Diasporas. *Journal of Development Economics* 95: 30-41.

Dustmann, Christian and Anna Okatenko, 2014. Out-Migration, Wealth Constraints, and the Quality of Local Amenities. *Journal of Development Economics* 110(C): 52-63.

Mayda, A. M. 2009. “International Migration: A Panel Data Analysis of the Determinants of Bilateral Flows.” *Journal of Population Economics* 23(4): 1249–74.

McKenzie, David, John Gibson and Steven Stillman. 2013. A Land of Milk and Honey with Streets Paved with Gold: Do Emigrants Have Over-Optimistic Expectations about Incomes Abroad? *Journal of Development Economics* 102, 116-127.

Milanovic, Branko, 2015. Global Inequality ff Opportunity: How Much of our Income ss Determined by Where We Live? *Review of Economics and Statistics* 97(2): 452–460.

Chapter 3 Introduction to Methods for Estimating Causal Effect of Migration

Required reading:

Gibson, J., D. McKenzie, and S. Stillman (2010). How Important is Selection? Experimental Vs Non-experimental Measures of the Income Gains from Migration. *Journal of the European Economic Association* 8: 913-45.

Recommended reading:

Khandker, S.R., G.B. Koolwal and H.A. Samad (2010). *Handbook on Impact Evaluation – Quantitative Methods and Practices*. Washington DC: The World Bank. (chapters 2, 3, 5, 6).

Ravallion, M. (2008). Evaluating Anti-Poverty Programs. In: Schultz, T.P., and J.A. Strauss (eds.), *Handbook of Development Economics*, Volume 4. Amsterdam: North Holland/Elsevier. (without sections 5 and 6).

Chapter 4a Networks and Labor Market Integration

Required reading:

Damm, Anna P., 2009. Ethnic Enclaves and Immigrant Labor Market Outcomes: Quasi-Experimental Evidence. *Journal of Labor Economics* 27(2): 281–314.

Recommended reading:

Becker, Sascha O., Irena Grosfeld, Pauline Grosjean, Nico Voigtländer and Ekaterina Zhuravskaya. 2020. Forced Migration and Human Capital: Evidence from Post-WWII Population Transfers. Forthcoming in *American Economic Review*, also available as *NBER Working Paper* 24704.

Brell, Courtney, Christian Dustmann and Ian Preston. 2020. The Labor Market Integration of Refugee Migrants in High-Income Countries. CReAM Discussion Paper 01/20, forthcoming for *Journal of Economic Literature*.

Peri, Giovanni and Chad Sparber, 2009. Task Specialization, Immigration, and Wages. *American Economic Journal: Applied Economics*, 1(3): 135–169.

Chapter 4b Measuring the Labor Market Effects of Immigration

Required reading:

Dustmann, Christian, Uta Schönberg and Jan Stuhler, 2016. The Impact of Immigration: Why Do Studies Reach Such Different Results? *Journal of Economic Perspectives*, 30(4): 31-56.

Recommended reading:

Borjas, George J. 2003. The Labor Demand Curve is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market. *Quarterly Journal of Economics* 118(4): 1335-1374.

Card, David, 1990. The Impact of the Mariel Boatlift on the Miami Labor Market, *Industrial and Labor Relations Review*, 43(2): 245-257.

Foged, Mette and Giovanni Peri, 2016. Immigrants' Effect on Native Workers: New Analysis on Longitudinal Data. *American Economic Journal: Applied Economics* 8(2): 1-34.

Chapter 4c The Economic Impact of Immigration

Required reading:

Kerr, Sari Pekkala, William Kerr, Çağlar Özden and Christopher Parsons. Global Talent Flows. *Journal of Economic Perspectives* 30(4): 83–106.

Recommended reading:

Clemens, Michael A., Ethan G. Lewis and Hannah M. Postel. 2018. Immigration Restrictions as Active Labor Market Policy: Evidence from the Mexican Bracero Exclusion. *American Economic Review* 108(6): 1468-78.

Cortés, Patricia. 2008. The Effect of Low-Skilled Immigration on US Prices: Evidence from CPI Data. *Journal of Political Economy* 116 (3): 381–422.

Maystadt, Jean-François and Gilles Duranton. 2019. The Development Push of Refugees: Evidence from Tanzania. *Journal of Economic Geography* 19(2): 299–334.

Chapter 5 Attitudes towards Migration in Destination Countries

Required reading:

Mayda, Anna Maria. 2006. Who Is Against Immigration? A Cross-Country Investigation of Individual Attitudes Toward Immigrants. *Review of Economics and Statistics*, 88(3): 510–530.

Recommended reading:

- Bansak, Kirk, Jens Hainmueller and Dominik Hangartner, 2016. How Economic, Humanitarian, and Religious Concerns Shape European Attitudes Toward Asylum Seekers. *Science* 22 Sep 2016: aag2147.
- Hainmueller, Jens, Michael J. Hiscox and Margalit, Yotam, 2015. Do Concerns About Labor Market Competition Shape Attitudes Toward Immigration? New Evidence. *Journal of International Economics* 97(1): 193–207.
- Hangartner, Dominik, Elias Dinas, Moritz Marbach, Konstantinos Matakos and Dimitrios Xefteris. 2019. Does Exposure to the Refugee Crisis Make Natives More Hostile? *American Political Science Review* 113, 2, 442–455.
- Jeannet, Anne-Marie, Esther Ademmer, Martin Ruhs and Tobias Stöhr. 2019. What Asylum and Refugee Policies Do Europeans Want? Evidence from a Cross-National Conjoint Experiment. *EUI RSCAS Working Paper* 2019/73.

Chapter 6a Brain Drain and Brain Gain

Compulsory reading:

- Gibson, John, and David McKenzie (2011). Eight Questions about Brain Drain. *Journal of Economic Perspectives*, 25: 107-128.

Recommended reading:

- Docquier, F., and H. Rapoport (2012). Globalization, Brain Drain and Development. *Journal of Economic Literature*, 50: 681-730.
- Gibson, J., and D. McKenzie (2012). The Economic Consequences of “Brain Drain” of the Best and Brightest: Evidence from Five Countries. *Economic Journal*, 122: 339-375.
- Shreshta, S. (2017). No Man Left Behind: Effects of Emigration Prospects on Educational and Labour Outcomes of Non-migrants. *Economic Journal*, 127: 495-521.

Chapter 6b Income Gains and Remittances

Compulsory reading:

- Yang, D. (2011). Migrant Remittances. *Journal of Economic Perspectives*, 25: 129-152.

Recommended reading:

- 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* 25: 132-156.

- Borjas, G. J. 2015. "Immigration and Globalization: A Review Essay." *Journal of Economic Literature* 53(4): 961–74.
- Clemens, M., C.E. Montenegro and L. Pritchett (2019). The Place Premium: Bounding the Price Equivalent of Migration Barriers. *Review of Economics and Statistics* 101(2): 201-213
- Woodruff, C. and Zenteno, R. (2007). Migration Networks and Microenterprises In Mexico. *Journal of Development Economics* 82(2): 509-528.
- Yang, Dean. 2008. International Migration, Remittances and Household Investment: Evidence from Philippine Migrants' Exchange Rate Shocks. *The Economic Journal*, 118(528): 591–630.

Chapter 6c Social Remittances and the Effects of Diasporas

Compulsory reading:

- Rapoport, Hillel. 2016. Migration and Globalization: What's in It for Developing Countries? *International Journal of Manpower* 37: 1209-1226.

Recommended reading:

- Barsbai, Toman, Hillel Rapoport, Andreas Steinmayr and Christoph Trebesch. 2017. The Effect of Labor Migration on The Diffusion of Democracy: Evidence from a Former Soviet Republic. *American Economic Journal: Applied Economics* 9(3): 36-69.
- Batista, Catia and Pedro C. Vicente. 2011. Do Migrants Improve Governance at Home? Evidence from a Voting Experiment. *The World Bank Economic Review* 25(1): 77–104.
- Fisman, Raymond and Edward Miguel. 2007. Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets. *Journal of Political Economy* 115(6): 1020-1048.
- Kharadja, Mounir and Erik Prawitz. 2019. Exit, Voice, and Political Change: Evidence from Swedish Mass Migration to the United States. *Journal of Political Economy* 127(4): 1864-1925.