



# Migration and Democracy: Issues for Latin America and Europe at a time of Global Recession

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# Migration and Democracy: Issues for Latin America and Europe at a time of Global Recession

## Abstract<sup>1</sup>

The current global economic crisis is making it more difficult to use migration as a mechanism for the diversification of employment and earning among countries because the main destinations for Latin American migrants, such as the United States and Spain, are suffering recession, losing jobs and reducing employment opportunities for foreigners. The dual trends in the past two decades of globalization and democratization must now be accompanied by better treatment of migration issues, including open borders for migrants, the provision of a regularized legal status and the enforcement of labour rights for migrants, as well as modern treatment of the circulation of knowledge, and of student and medical migration. Latin America and Europe have a mutual historical relationship of the international movement of people that needs to be preserved at times of economic hardship. The current system of international factor mobility facilitates the movement of capital from north to south but restricts the movement of labour from south to north. History teaches that economic nationalism in labour markets, such as in the 1920s and 1930s, entails xenophobia and global welfare costs by preventing the international movement of human resources from countries with low productivity levels to those with higher levels of productivity, and is also inimical to a fair, global and prosperous economic order that sees beyond business cycles towards long-term stability and progress.

## Summary of Recommendations

The regularization alternatives proposed by the Global Commission on International Migration and other international forums dealing with this subject should be reviewed. The immigration of students has to be preserved as it is an important mechanism for the international circulation of knowledge and the acquisition of human capital in the global economy. The migration of medical doctors, nurses and other medical personnel

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<sup>1</sup> The author thanks Halfdan Lynge Ottosen for his comments on this paper. The views expressed are strictly those of the author and should not be attributed to the organizations with which he is affiliated.

from Latin America and other developing regions requires a fresh approach oriented to balancing the need for additional personnel in the health sectors of the receiving countries with the health needs of the source developing countries.

The EU must take a coherent and consistent approach that treats symmetrically the opening up of goods and capital markets and the opening up of international labour markets in both regions. Countries must avoid unpredictable changes in immigration rules shaped by shifts in business cycles and internal political pressures. Voluntary repatriation policies for immigrants based on subsidies to return are preferable to any form of forced repatriation. Finally, the sending countries of Latin America have a responsibility to provide legal support and consular protection to their expatriate communities through their network of consulates, embassies and diaspora organizations.

## 1. Introduction

The global slump affecting the world economy in 2008–2009 is compounding the problems facing Latin America in productively absorbing its total workforce. The expedient of exporting people to ‘solve’ internal labour market imbalances has been curtailed as economic contraction in the north sharply reduces the demand for migrant workers. For decades the Latin American and Caribbean (LAC) region has been a net exporter of people to the rest of the world as its levels of economic development, job opportunities and economic prospects have lagged behind other more prosperous regions of the world. In the past 25 years several countries in the LAC region have undertaken policies to stabilize and reform their economic structures and build western-style representative democracies in order to put their economies on a path of prosperity and democracy. The objective of these reforms was to depart from a history of chronic underdevelopment, recurrent economic crises, authoritarian politics, fragile democracy and populism. The results of the economic reforms of the past quarter century are mixed. More progress has been attained in economic stabilization (lowering inflation, improving fiscal positions and reducing external debt) than in achieving steady growth and reducing inequality and social exclusion. In turn, democracy has, on the whole, been consolidated in most of the region but its potential fragility should not be ignored. The reduction in social inequality, inclusion of ethnic minorities, boosting popular participation in decision-making, an end to violence, and crime and drug trafficking are among the critical challenges faced by several LAC democracies today.

Economic relations between the European Union (EU) and Latin America have increased in recent decades but overall integration is still of a rather uneven nature. Goods and capital face more friendly regimes than people in the

international mobility among the two regions. Moreover, capital and people tend to move in opposite directions: capital goes predominantly from Europe to Latin America but people move in the other direction. Latin American governments have opened their internal markets in trade and natural resources, banking services, public utilities and manufacturing to European foreign investment. In turn, European labour markets have received increasing flows of Latin American migrants in the past 10 to 15 years. The less skilled migrants tend to concentrate in the construction sector, services and

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agriculture. Professionals go to work in the health sector, academia and, to some extent, in the knowledge economy. However, the legal status of an important segment of this migration (particularly the less skilled) remains weak and subject to the reversal of fortunes associated with the current economic downturn in Europe and changes in political sentiment towards immigration. In the period 2000–2008, the main sending countries were Ecuador, Colombia and Argentina. The main recipient countries of immigrants from Latin America were Spain, followed by the United Kingdom, Italy and Germany. The socio-demographic composition of emigration from the LAC region to Europe shows an increasing presence of women and youth of working age. The level of education of the migrants is often above the average level of the sending nation, although many emigrants from these countries are considered unskilled workers in the recipient economies.<sup>2</sup>

Some of these migration trends may change in the light of the current global economic crisis. Recipient countries such as Spain and the UK are experiencing a severe slowdown in the construction sector, which is a main employer of immigrants. Gaining employment is more difficult now than in the recent past and return migration is a real possibility for many. In 2008 the EU issued an immigration directive that called for tough restrictions on irregular (undocumented) migration from Latin America. This directive includes detentions and deportation as enforcement mechanisms – a policy move that led to a critical reaction at the senior political level in Latin America. In 2008, however, the Spanish Ministry of Labour and Immigration took a more benevolent approach by subsidizing voluntary return migration for legal immigrants, including the provision of free tickets for the immigrants and their families along with the payment of unemployment benefit paid in the home country at 60 per cent of the Spanish rate, in exchange for which the immigrant agrees to give up their work permit and residence and not to return to Spain for at least three years.

A tightening of restrictive migration policies in destination countries, following the directives of the EU in 2008, including policies of forced repatriation of immigrants, would compound the internal economic and political management problems of the sending countries in Latin America and could bring an element of tension to international relations between the two regions. In effect, migration restrictions and the encouragement of return migration along with a global economic contraction will stifle the ‘escape valve mechanism’ provided by migration in the face of economic slowdowns or crises in the countries of origin. Recession in destination countries, however, means that the mechanism starts to lose its effectiveness.

A main theme of this chapter is the relation between democracy and migration, a topic little investigated in the literature but of huge practical importance. Although democracy in Latin America appears stable, the combination of economic recession and curtailed migration could create socially destabilizing forces that make democracy fragile in a continent with only a short history of democratic consolidation. The threat

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<sup>2</sup> Migration from Argentina and to some degree Colombia includes an important share of professionals and people with higher education qualifications, whereas emigration from Ecuador is undertaken predominantly by people with a lesser degree of formal education.

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of neo-authoritarian populism and swings in the opinion polls away from democracy are worrying trends in Latin America.

The relationship between democracy and migration is complex. Democracy is a *pull* factor that encourages immigration, while the lack of it *pushes* emigration. In general, people will be attracted to immigrate to countries with well-established democracies, which are often prosperous nations in which human and civil rights are respected. Conversely, countries with semi-democracies or authoritarian regimes encourage people who can afford to

do so to emigrate voluntarily or involuntary as their rights are more likely to be violated in authoritarian regimes. In turn, civil wars and internal conflict are push factors that induce emigration and discourage return migration. Nevertheless, there is an apparent paradox in the practice of established rich democracies of keeping a part of their immigrant community in an irregular legal status either by tolerating illegal migration or by creating a dual labour market regime in which legal and working rights prevail for nationals and regularized migrants while sections of the immigrant community do not have their rights protected.

This chapter discusses the various links between migration and democracy and explores ways to structure constructive and cooperative approaches by the LAC region and the EU that have the potential to address concerns about democracy, economic integration and the fair governance of migration flows between the two regions. This approach must be in line with the spirit of an open international economic system without obvious asymmetries in factor mobility that can impose welfare costs on both the sending and the receiving nations. To gain a better perspective of these issues, section 2 provides a brief historical overview of the direction and magnitude of migration flows between Latin America and Europe. Section 3 discusses the conceptual and empirical links between migration and democracy, an admittedly new subject on which little academic and policy research exists, but the practical importance of which is growing. It highlights how the current global slump may encourage economic nationalism and protectionism in international labour markets and how, if these pressures take hold, both receiving and sending countries will suffer because of the loss of the economic benefits of international migration. Section 4 makes some recommendations for the modern, efficient and equitable governance of migration flows in the 21st century for both Europe and Latin America.

## **2. A Brief Historical Overview**

Historically, Latin America was a net recipient of European migrants who considered Latin America a 'land of opportunity'. From the mid-19th until the early decades of the 20th century, countries such as Argentina, Chile, Brazil, Mexico and Uruguay received significant numbers of immigrants. Argentina, in particular, was the main destination of European immigrants. About 6 million people, primarily from Italy and Spain but also from Nordic and Eastern European countries, settled there. In addition to people, these countries received capital and foreign direct investment, primarily from England

and Germany – the two leading world financial centres until the 1920s.<sup>3</sup> This situation did not last, however, and mass migration from Europe continued only until the late 1950s and early 1960s, when it virtually stopped. In the final decades of the 20th century, South America as a whole became a continent of net emigration. Interestingly, in the mid-20th century, per capita incomes in countries such as Argentina, Chile, Uruguay and Venezuela were still above those in southern European countries and some Scandinavian countries; for example, in 1950 the per capita income of Venezuela was higher than that of Sweden. Sweden is now one of the wealthiest countries in the world, while Venezuela has remained in the group of middle-income countries – despite its impressive oil wealth (see Solimano, 2010, chapter 5).

In the second half of the 20th century there was a reversal of the development gap, that is, the differences in per capita income levels, between several of the most advanced Latin American countries and the southern and northern European countries – the development gap turned against Latin America. This process has accelerated since the 1970s, when the per capita incomes of Spain, Italy and the Scandinavian countries surpassed the average of Latin America and that of its formerly leading economies. Consequently, the economic incentives to emigrate in big numbers from Europe to Latin America virtually disappeared. In turn, Spain and Italy became important destination countries for emigrants from Latin America, especially Argentines, Ecuadorians and Colombians, when these countries suffered economic and political crises. In general, the emigration pressures in the Latin American region are related to the limited ability of the region to provide steady growth, attractive jobs, good salaries and opportunities for the population. Since the 1960s Argentina has reversed its status as a magnet for European immigrants. The collapse of democracy in the 1960s and 1970s and repeated economic and financial crises in the past four decades have created an environment that encourages the emigration of the most mobile and educated. Argentina has long suffered from the flight of its best and brightest professionals, intellectuals, scientists and entrepreneurs. The cost of this exit of qualified human resources to the Argentine economy and society as a whole is still waiting to be assessed.

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Additional pressures for emigration are exerted by poverty, income inequality and labour-market informality.<sup>4</sup> The level and persistence of poverty prompt people to seek better income and employment opportunities abroad. Empirical evidence, however, shows that it is not the very poor who are most likely to migrate.

The region continues to suffer from large income inequalities and a skewed distribution of income and wealth. Several of the most important Latin American economies have

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<sup>3</sup> At the end of the 'first wave of globalization' (around 1913), *average* per capita income in the countries of the southern and northern 'periphery' of Europe (Italy, Spain, Portugal, Norway and Sweden) was slightly higher than the *average* in the leading Latin American economies (Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela). However, the wealthiest countries in the group (Argentina, Chile and Uruguay) registered per capita incomes that exceeded those of Italy, Spain and Portugal – the primary sources of immigrants to those South American countries.

<sup>4</sup> According to ECLAC, in Latin America in 2005 nearly 38 per cent of the total population (about 213 million people) were in poverty, and 16.8 percent of the population (about 88 million people) were in 'critical poverty' (indigents).



a Gini coefficient that exceeds 0.5. In comparison, the average Gini coefficient in the Organisation for Economic Co-operation and Development countries is around 0.35 and the global average is around 0.4.<sup>5</sup> Inequality reflects, among other things, a lack of upward social mobility and of opportunities that are open to everybody, and can therefore be considered a push factor for emigration.

**In the 1960s and 1970s, Argentina, Brazil, Bolivia, Chile and Uruguay experienced military regimes that repressed labour unions, banned left wing political parties and were openly hostile to intellectuals and students. As a consequence, waves of exile and emigration took place from these countries to different destinations both inside and outside Latin America.**

Another pressure for emigration from Latin America, which is highly relevant to the topic of this paper, is the fragility of democracy in the region and the turn, in some periods, to authoritarian regimes. In the 1960s and 1970s, Argentina, Brazil, Bolivia, Chile and Uruguay experienced military regimes that repressed labour unions, banned left wing political parties and were openly hostile to intellectuals and students. As a consequence, waves of exile and emigration

took place from these countries to different destinations both inside and outside Latin America. More than 500,000 people left Chile in the 1970s, for example, after the ousting of the government of President Salvador Allende. Similar waves of emigration took place in Argentina, Uruguay and Brazil. The collapse of democracy in those years was often associated with a combination of internal economic crisis, increased social conflict and US tolerance – and in several cases active encouragement – of right wing military regimes in South America in the context of the Cold War.

### **3. Understanding the Relationship between Democracy and Migration in Latin America and the European Union**

The above discussion suggests the influence of various factors that create both push and pull factors that shape the direction, magnitude and timing of migration flows. The economic and social factors that determine migration include: (a) development gaps and wage differentials across countries; (b) the degree of unemployment and informality in the labour markets of the sending and receiving countries; (c) the incidence of financial crises and the ensuing flight to economic security abroad; (d) family and social networks, (e) migration policies and restrictions on international mobility for people in recipient and sending countries; (e) the cost of migration (travel costs, legal costs and search costs); and (f) differences in the extent of human security and the availability of social services for migrants and their families between sending and recipient countries.

In the relationship between *democracy* and migration, we can identify the following mechanisms at work:

- (a) Given a set of economic incentives, democracy is a *pull factor* for immigration. In general, people will be attracted to immigrate to countries with well-established and functioning democracies in which human and civil rights are respected, such as the right to personal integrity, voice, association, representation, and respect for labour rights and religious beliefs.
- (b) In contrast, countries with fragile democracies, semi-democracies or authoritarian

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<sup>5</sup> The Gini coefficient measures inequality of income. It ranges from 0, a situation of 'perfect equality', to a value of 1, a situation of complete inequality.



regimes create incentives for people to emigrate voluntarily or involuntarily as they may be subject to violations of human and civil rights, as well as political, ethnic and religious persecution.<sup>6</sup> In turn, civil wars, internal conflict, and ethnic and religious persecution are obvious push factors for migrants and create refugees and asylum seekers. Authoritarianism and civil strife are also push factors for emigration.

- (c) Emigration is often an escape valve for people who are affected by economic and political crisis in their home countries. As is mentioned above, these crises have been a frequent event in Latin America for more than 150 years. Direct restrictions on immigration in destination countries stifle the operation of this escape valve. This may lead to mounting social pressure and protest as people do not have an exit option in the face of economic crisis, unemployment and financial vulnerability. These developments can, in turn, undermine the stability of democracy in source nations.
- (d) Immigrants live in a precarious legal situation in many recipient countries, with limited economic rights. This is often more relevant for irregular migration, which leads de facto to the formation of a segment of second class citizens with no regular migration status and limited access to social services, who often work in local labour markets without contracts and with little respect for labour standards and no mechanism for political representation.
- (e) Immigrants pose a dilemma for democracy in both the recipient and the sending countries. In many recipient countries, immigrants have limited political rights and do not participate in elections (except in the case of naturalized immigrants). Some sending countries, with Chile among them, still do *not* allow their nationals residing outside of the country to vote from abroad in national elections at home.

In sum, it is apparent that the relationship between migration and democracy is complex and involves issues of recognition and the enforcement of the economic and political rights of migrants. Moreover, the relationship between democracy and migration is affected by the economic situation in both the source and the destination country. Low levels of economic development and a high frequency of economic crisis can lead to both emigration pressures and a weakening of democracy. In the long run, factors related to disparities in development levels across countries also shape the direction of migration, as people tend to move from nations with lower levels of development to those with higher development levels. It is clear that, beyond the current slump in Europe, the LAC countries are likely to keep sending migrants to EU countries for as long as large development gaps persist between the two regions. At the same time, emigration should not be considered a curse. Emigrants can and do contribute positively, the extent of it is dependent also on their education level, to their home and recipient countries through

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<sup>6</sup> Albert Hirschman, in his classic book *Exit, Voice and Loyalty*, draws a distinction that is useful to understanding the economic and political causes of immigration decisions between purely economic choices and collective action. While *exit* is often an economic decision, *voice* belongs to the realm of collective or political action. Exit suggests that individuals who are dissatisfied or discontented with the prevailing political and economic conditions in their home countries, in situations where voice (political organization and collective action for change) becomes an ineffective expedient for change, may choose to leave their countries (i.e. to emigrate). This shows a direct relationship between the emigration of nationals (and the repatriation of foreigners) and the existence of authoritarian regimes that suppress political rights and civil liberties. Voice can also be an ineffective mechanism for influencing social and economic change in a democracy, and emigration may be chosen by disaffected people.

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the transfer of new skills, knowledge, fresh capital and fresh labour efforts, experience and international contacts.

#### **4. Policy Recommendations**

The current economic slump, and its sequels in labour markets, will probably make it more difficult for Europe to continue to play its role as an immigrant-recipient region at the same pace as that of the past 10 to 15 years. However, it is a main contention of this chapter that immigration regimes

have to be kept reasonably free in spite of the current economic downturn in the main destination countries for international migrants from Latin America and elsewhere. The macroeconomic crisis will pass, but if further immigration restrictions are added as a response to the current economic downturn, they are likely to remain in place with the ensuing economic and social costs.

The benefits of international migration for receiving countries will be lost if restrictive protectionist trends in labour markets are deepened. There are many issues of great importance in the design of migration policies in the EU and the LAC states. First, there is a need to address the problem of illegal migration not by the mass deportation of immigrants, but by a process of orderly regularization of Latin Americans and other foreigners living and working in Europe without a regular migration status. We suggest reviewing the regularization alternatives proposed by the Global Commission on International Migration and other international forums dealing with this subject.

Second, the immigration of students has to be preserved as it is an important mechanism for the international circulation of knowledge and the acquisition of human capital in the global economy.

Third, the migration of medical doctors, nurses and other medical personnel from Latin America and other developing nations requires a fresh approach oriented to balancing the need for additional personnel in the health sectors of the receiving countries with the health needs of the source developing countries. The exodus of medical personnel from poor countries with critical internal health needs is a challenge for the sending nation and calls for moderation by as well as compensation from the receiving countries. In some the Caribbean countries, over 80 per cent of the medical doctors are working in countries other than their country of origin. Some EU nations, such as the UK, are active recipients of health workers and professionals (IOM, 2008; Solimano, 2010).

Fourth, we recommend a coherent and consistent approach that treats symmetrically the opening up of goods and capital markets and the opening up of international labour markets in both regions. Countries must avoid unpredictable changes

in immigration rules shaped by shifts in business cycles and internal political pressures. Fifth, voluntary repatriation policies for immigrants based on subsidies to return are preferable to any form of forced repatriation. Finally, the sending countries of Latin America have a responsibility to provide legal support and consular protection to their

expatriate community through their network of consulates, embassies and diaspora organizations.

Latin America and the EU face economic development and democratic challenges. Migration, if adequately managed, can make a contribution to prosperity and democracy in the global economy. Migrants provide fresh human resources for economies facing labour and skill shortages, low fertility rates and an ageing population, thereby becoming a source of economic growth in recipient countries. In Latin America, migration has traditionally reduced pressures in the labour market at times of economic slack and structural labour surpluses. The emigration of highly skilled and highly educated people remains a somewhat controversial issue. Concern over highly skill migration is related to the issue of a 'brain drain' in Latin America. From a dynamic perspective, new theories and empirical evidence point in the direction that the migration of entrepreneurs, professionals and international students can have a beneficial effect on both the sending and the receiving nations.

In general we recommend policies that encourage the international circulation and eventual return of professionals, scientists and information technology experts as well as international students, allowing adequate periods of stay in the destination countries. This would enable the accumulation of human capital and experience. We also recommend cooperative policies between LAC and EU countries to foster the exchange of scholars and scientists in both directions in university and research centres as well as the facilitation of entry and exit (e.g. through special visas) of technological entrepreneurs and highly qualified professionals.

We recommend resisting protectionist policies in the labour market to 'protect the jobs of nationals' affected by economic contraction and rising unemployment. Among other effects on the host country such policies would have the unintended consequence of adding additional external pressures to economic management in Latin America as they reduce the scope for the 'escape valve' of migration and lead to lower remittances from Europe. Moreover, many times the jobs performed by foreigners often do not compete with the jobs sought by nationals.

Latin America faces a variety of democratic challenges to making its democracies more inclusive and participatory, improving the rule of law, reducing income and wealth inequality, protecting ethnic minorities and providing emigrants with full political rights while abroad. A main challenges for governance and democracy in Latin America are the rise of urban crime and violence and the explosion of drug trafficking in countries such as Mexico and Colombia and several others that are used as transit zones. The EU can provide useful technical assistance, as well as financial and political support in several of these areas.

The current system of international factor mobility facilitates the movement of capital from north to south but restricts the movement of labour from south to north. History teaches that economic nationalism in labour markets, such as in the 1920s and 1930s, entails xenophobia and global welfare costs by preventing the international movement of human resources from countries with low productivity levels to those with higher levels of productivity, and is also inimical to a fair, global and prosperous economic order that sees beyond business cycles towards long-term stability and progress.

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Prior to this post, Dr Solimano was a Regional Advisor at the United Nations Economic Commission for Latin America and the Caribbean and Director of the project on International Mobility of Talent with the United Nations University-World Institute of Economic Research (UNU-WIDER). Dr Solimano worked at the World Bank in Washington DC for 10 years, most notably as Country Director, Country Management Department, for the Andean Countries (Colombia, Ecuador and Venezuela). He also served as Executive Director for Chile and Ecuador at the Board of the Inter-American Development Bank (IDB). Dr Solimano holds a PhD in Economics from the Massachusetts Institute of Technology (MIT).

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