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MACROECONOMIC CONSEQUENCES OF GLOBAL ENDOGENOUS MIGRATION: A GENERAL EQUILIBRIUM ANALYSIS

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NON-TECHNICAL SUMMARY

History teaches how the search of better living conditions and higher wages is a strong motive for emigration. In the arrival countries, the increase of the labor force, as long as most of the new comers work, entails an increase in the capital return which attracts capital flows. Of course, the reverse effect characterizes the leaving countries. As a consequence, the migration flows change the geographic structure of the wages around the world.

Analyzing global migration for the next century through the use of a world general equilibrium model as INGENUE 2 has two main advantages. First, it allows studying simultaneously the impact of the migration flows on the arrival countries as well as on the leaving countries. Second, it allows evaluating the feedback effect of capital flows and wage changes on migration flows. With this interaction between the demographic part and the economic part of the model, we are able to project dynamic endogenous migrations flows, which bring some lights on several important demographic and economic questions.

First, the impact of migration could have substantial impact on GDP growth in the regions receiving the migrants (positive impact) but also on the regions sending the migrants (negative impact). According to our simulations, Western Europe and North America should benefit substantially from the arrival of cohorts of migrants in the next decades. Second, our methodology induces important changes in the volume and the distribution of the migration flows between regions. For example, net migration flows from Africa are almost four times higher compared to the United-Nations 2006 projections in 2050. Third, despite their sizes, these flows will not be sufficient to counteract the impact of population ageing in the receiving regions: even when immigration is taken into account, pension reforms in these ageing regions will remain necessary.

This work constitutes a first step so as to improve the projections of international migration flows and their economic impact.

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