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Implications of migration for territorial development

Migration is essential to human development and has contributed towards altering societies and economies for thousands of years. Depending on various factors discussed in this article, migration can be a blessing or a curse for a country's or a sub-national location's development trajectory.

Since migration is a vast and sensitive topic, this article focuses on the interrelation between migration and local economic development (LED). It discusses a few key questions: How are locations economically and socially affected by out-migration or immigration? How can LED policy encourage

immigration in the first place? What can LED policy do to respond to wanted or unwanted migration? How can an undesirable migration situation be turned into a locational advantage?

Reasons for migration

Territories cannot be moved, but people can move between territories. Many people commute daily between home and work. But people also leave their birthplaces and long-term homes to live in other places in the same or a different country. Continuous migration from rural areas to cities (urbanisation) often occurs within certain countries, predominantly towards rapidly growing metropolitan areas.

The reasons for migration are manifold. A distinction can be made between pull and push factors. The pull factors refer to place utility, such as the real or assumed advantages of economic opportunities, quality of education or general living standards. On the other hand, push factors motivate or even force people to leave their place of origin. Push factors can be defined as a search for safety and security not offered in the home country. Push factors often originate in the lack of prospects or man-made and natural disasters such as wars or famine. Persecution due to political views, sexual orientation or religion is a particular cause of refugee migration. In the future, cross-border climate migration will become increasingly relevant. For now, 75% of climate refugees move within the borders of their own countries, but this will likely change (World Bank, 2022).

Migration and LED

Territories compete for resources, including human resources, therefore the attraction of human capital and the resulting migration of human resources is an inherent objective of LED. Whether the outcome is more positive or negative for a location depends on various factors, including the motivation for migration, the number and skills level of the migrants, the absorption capacity of the local economy, the socio-economic situation in the destination country (unemployment, wage growth, inflation), the “welcome culture” of the destination location and the subsequent in- or outflow of other resources, especially financial resources.

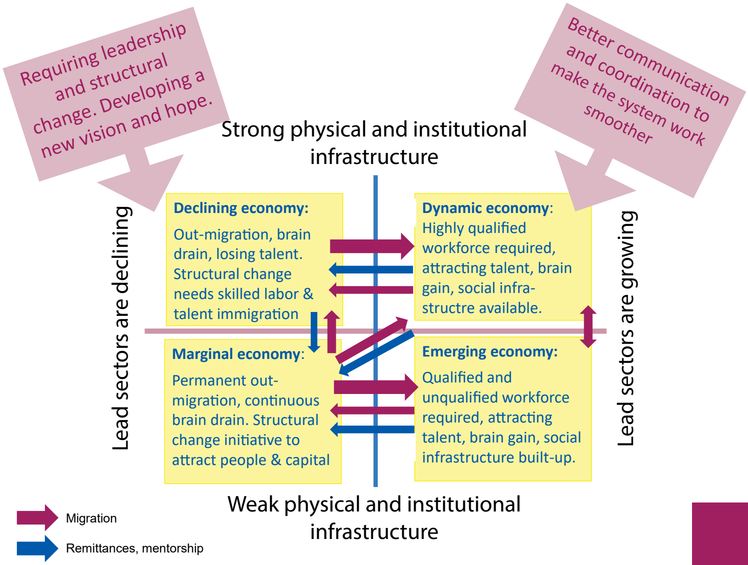
The development of territories, such as villages, cities and regions, can be positively influenced by migration. Richard Florida (2012) argues that territories offering employment opportunities attract migrants, who contribute to economic activity and tax revenue through employment and consumption, triggering a virtuous development cycle. Therefore economic development policy at the national and sub-national levels often focuses on attracting talented, skilled and creative migrants to boost the economy and counteract the impact of ageing populations.

Territorial innovation systems and clusters frequently benefit from the cultural differences of migrants, as diversity promotes innovation (Parrilli, 2019). The entrepreneurial spirit of immigrants is often particularly pronounced. Immigrants are about 80% more likely to find a company than native-born residents (Azoulay et al., 2022). Overall, immigrant territories benefit from brain gain in the long run.

Conversely, the territories from which people migrate often suffer, as it is mostly the younger and economically more capable people who leave. Territorial development studies refer to this phenomenon as a brain drain. The outflow of high performers and consumers shrinks local economies and can promote a vicious circle of economic decline or even marginalisation of a location. Population loss harms municipal fiscal strength and cuts resources for economic development activities.

Relevance of migration for different types of regions

The framework of Typology of Regions helps to analyse the desire for and the impact of migration on territories. The Typology of Regions describes four archetypes of local/regional development realities in a two-by-two matrix structure (see AR 2018, Article 2). The matrix distinguishes between the level of institutional and physical infrastructure on the y-axis and the performance of leading economic sectors on the x-axis. This results in four local economic realities: dynamic, emerging, declining and marginalised. Migration plays out differently in each of these scenarios.



Migration reflection in the four Types-of-Region framework

On the right side of the matrix, emerging and dynamic regions with growing lead sectors require a highly qualified workforce. They are usually busy attracting talent from elsewhere and experience net immigration and brain gain. Social infrastructure for integrating migrants is already available (dynamic regions) or is currently established (emerging regions).

The regions on the left side of the matrix suffer from out-migration and brain drain. Due to the historical (marginal regions) or recent (declining regions) lack of economic success, these regions lose talent and skilled labour, who move to emerging and more dynamic locations. However, declining or marginalised places need structural change efforts, which again require the immigration of qualified workers and entrepreneurs in the newly targeted sectors. The LED policy must set the right incentives to attract capital and human resources to bring back or start economic success in such regions. This is a challenging endeavour, as LED officers in the Ruhr Valley in Germany (converting from steel and coal to tourism and healthcare services) or Bilbao, Spain (converting from steel and shipbuilding industries to culture and tourism)

know very well. Retraining parts of the existing workforce and attracting skilled workers from other places and countries are prerequisites for successful economic conversion efforts.

Local policy responses to migration

For territories benefitting from immigration, the issue of successful integration arises. A question that often arises is how the previous resident population reacts to immigrants. Is there a "welcome culture" or rather resentment towards foreigners? Do similarities or differences in the cultural context of the migrants' origin and destination matter? The interterritorial distribution of migrants within their target location is also essential.

Integration policy measures include the promotion of financial literacy, language skills training, setting up job search platforms specifically for migrants and refugees and using social media to provide relevant information to the migrant community and the local receiving community, including potential future employees.

Failure to quickly integrate migrants into the local labour market and offer the necessary social infrastructure (housing, schools and health facilities) could result in high social costs for the receiving community and may be socially explosive.

Turning undesired migration into an advantage

The future relationship with their emigrants, who have settled elsewhere, can become an asset for territories losing population. Successful entrepreneurs and employees often have emotional ties to their home regions and transfer remittances to their family members who have

remained. Successful entrepreneurs often act as investors and business mentors in their countries of origin. Diaspora networks play an important role here. In this way, the brain drain can be at least partially transformed into a brain and capital regain.

In countries with large numbers of overseas foreign workers, such as Nepal or the Philippines, service industries such as banks or insurance companies target the finances of the out-migrants living abroad. National or local governments encourage the receivers of remittances to productively invest the non-consumed share of the incoming payments, including investment in their children's education. In countries such as Nepal, primarily young men emigrate for work, resulting in a "feminisation" of local economies, with both positive and negative impacts on the local economic performance.

Return migration could be observed during COVID-19, such as in Nepal or Albania. Since the pandemic ended, this trend is reverting again. Active LED policies, for example in Albania, target returnees by offering capacity building and job opportunities.

Even though attracting immigrants from within the country or abroad plays a vital role in LED, regions could always consider raising the local skill levels while encouraging potential out-migrants to remain by increasing opportunities through conventional regional policy action.

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Parrilli, M. D. et al. 2019. A new approach to migrations: Communities-on-the-move as assets. Regional Studies 53(1): 1-5. (The "Communities-on-the-Move (CoM)" approach focuses on migrant communities emerging from the capacity of specific national/regional groups to carry the heritage of their social capital when moving from one place to another).

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