

Globalization and *international migration:* the Latin American *experience*

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The first wave of globalization, lasting approximately from 1870 to 1913, included large flows of migration from Europe to the countries of the New World. In the second globalization wave of the late twentieth century, by contrast, international migration was subject to more restrictive immigration regimes, especially in the developed countries. In Latin America, Argentina was the largest recipient of European migrants during the first wave. About seven million Europeans arrived in the country during that period, responding to the attractive economic opportunities of the Argentine *belle époque* of the late nineteenth and early twentieth centuries. In the last decade of the twentieth century, by contrast, Argentina became a country of net emigration to the rest of the world, particularly where people with a high level of education were concerned. This article presents econometric estimates of migratory patterns to and from Argentina in the twentieth century and analyses the determinants of international migration flows in Latin America generally, including intraregional immigration patterns, particularly among neighbouring countries.

I

Introduction

International labour markets are an essential part of the globalization process. The first wave of globalization, lasting roughly from 1870 to 1913, involved substantial international population mobility, matching the openness of goods and capital under the policy regime of the gold standard and low tariffs. This process was interrupted during the deglobalization period of 1914-1945, which saw two world wars, high inflation in the 1920s, economic depression in the 1930s and political destabilization. These events cut short the ever increasing economic integration that had been occurring in the world economy before 1914 and inaugurated a long era of more restrictive migration policies. The second wave of globalization in the late twentieth century increased the degree of capital mobility and international trade substantially. However, international labour markets remain segmented, with international migration constrained for unskilled labour and the poor, chiefly in developed countries. In contrast, we live in a world of high international mobility for individuals with a large stock of human and financial capital (e.g., information technology experts, executives and international investors).¹

Large Latin American economies such as Argentina (and to a lesser extent Brazil) received large flows of migrants in the first globalization wave of the late nineteenth and early twentieth centuries. Foreign capital and foreign labour moved in tandem to countries like Argentina to capture the economic opportunities open to them there at that time. As economic development

faltered in Argentina in the 1920s, and as Latin America struggled to reach a level of development commensurate with its resource potential, international migration from Europe slowed down very significantly, virtually ceasing in the late 1950s and early 1960s.

Intra-Latin American migration developed in response to significant differentials in per capita income, particularly among countries sharing common borders. At the same time Latin America, led by Mexico, became the main source region for emigrants to the United States, a trend that accelerated in the 1980s and 1990s and in the early twenty-first century.

This paper investigates the interaction among globalization regimes, per capita income differentials between countries and other factors in international migration, with particular emphasis on the Latin American experience. Following this introduction, section II looks at different phases of globalization and deglobalization in the world economy and at patterns of international migration to and from Latin America, all in the last 130 years or so. Section III examines the role of different economic, social and political determinants of migration, such as wage differentials among countries, social support networks for migrants, the state of the business cycle, migration costs, migration policies and political regimes. Section IV takes up the case of Argentina, historically one of the main recipients of migrants in Latin America, but later in the twentieth century a net emigration country, particularly in the case of qualified human resources, owing to its numerous economic crises compounded by cycles of authoritarianism and political instability. Econometric equations for migration to and from Argentina are also presented. Section V offers some conclusions.

¹ See Solimano (2002), Carrington and Detragiache (1998) and Haque and Kim (1994) for an analysis of human capital migration. An early treatment appears in Adams (1964).

II

International migration to and from Latin America

The two globalization waves of the late nineteenth century and the late twentieth century, and the deglobalization period of 1913-1945, were major economic events that significantly affected migration flows around the world, and particularly in Latin America. This section assess and interprets these trends.

1. The first wave of globalization and the age of mass migration (from about 1870 to 1913)

The period of free trade, free capital mobility and the gold standard² in the “global” economy from around 1870 to 1913 has been termed the “first wave of globalization” by economic historians. This period was also characterized by large flows of international migration, causing it to become known as the “age of mass migration” (Hatton and Williamson, 1998). It is estimated that in this period some 60 million people migrated from resource-scarce, labour-abundant Europe to the resource-abundant, labour-scarce countries of the New World, including Argentina, Australia, Brazil, Canada, New Zealand and the United States. Migrants came from both “core Europe” (Britain, Germany, France) and “peripheral Europe” (e.g., the Scandinavian countries, Spain, Italy and Portugal, Poland, Russia, Rumania and the nations of the former Austro-Hungarian and Ottoman empires). In Latin America, the main destination country for European migrants was Argentina, which received nearly seven million (of whom about four million returned to their home countries). Other countries that received relatively large numbers of European migrants were Uruguay, Cuba, Mexico and Chile.

Immigration policies in the New World countries during the first wave of globalization³ were, on the

whole, liberal. Several of them (such as Argentina) set up immigration agencies in European countries to attract and facilitate immigration flows that would increase the labour supply and support rapid economic expansion. However, these policies became gradually more restrictive, particularly in the 1910s and 1920s. Ethnic discrimination (against migration from Asia, particularly China) was a common practice in several receiving countries, particularly English-speaking ones, in the New World.

As table 1 shows, per capita income differentials between peripheral Europe and the United States, Canada, Australia and other New World countries in the 1870-1913 period significantly favoured the latter, encouraging large-scale trans-Atlantic migration. In 1913, per capita income was some 30% higher in Argentina than in Spain and Italy, and this created a strong economic incentive to emigrate there. Per capita income in Uruguay was also higher than in Spain and Italy in 1913, while in Chile it stood at about the same level.

2. War, instability, depression and deglobalization (1913-1945)

The outbreak of the First World War interrupted the first wave of globalization and the integration of labour markets across countries. In 1914 there began 30 years of economic and political instability, chiefly in Europe, which included the First World War, the very high inflation of the 1920s, economic depression in the 1930s and then the Second World War. All this turbulence led to increasingly restrictive international migration policies. The United States enacted immigration quotas in 1921 and 1924, reducing the flow of immigrants from Europe. Migrants then switched to Brazil and Argentina. The latter received about three million immigrants from Europe in the 1920s, although as many as two million returned (Chiswick and Hatton, 2002). At the same time, *emigration* restrictions were enacted in the Soviet Union, thus reducing Russia’s share of global migration flows to the Americas.

² See Eichengreen (1996) for an analysis of the gold standard in this and subsequent periods.

³ Concerning immigration policies in the New World during the first wave of globalization, see chiefly Timmer and Williamson (1996). Holloway (1977) and Solberg (1970) deal more directly with Brazil and with Argentina and Chile, respectively.

TABLE 1

**European, Latin American and other OECD
countries: Per capita GDP, 1820-2000**
(1990 dollars)^a

	First wave of globalization, age of mass migration			1950	Second wave of globalization, restricted migration			2000
	1820	1870	1913		1973	1990	1998	
<i>Europe</i>								
Italy	1 117	1 499	2 564	3 502	10 643	16 320	17 759	19 223
Spain	1 063	1 376	2 255	2 387	8 739	12 210	14 227	17 392
Portugal	963	997	1 244	2 069	7 343	10 852	12 929	15 295
Norway	1 104	1 432	2 501	5 463	11 246	18 470	23 660	29 523
Sweden	1 198	1 664	3 096	6 738	13 493	17 680	18 685	20 532
Average	1 089	1 394	2 332	4 032	10 293	15 106	17 452	20 393
<i>Latin America</i>								
Argentina		1 311	3 797	4 987	7 973	6 512	9 219	8 645
Brazil	646	713	811	1 672	3 882	4 924	5 459	5 594
Chile			2 653	3 821	5 093	6 401	9 756	9 957
Colombia			1 236	2 153	3 499	4 822	5 317	5 044
Mexico	759	674	1 732	2 365	4 845	6 097	6 655	7 087
Peru			1 037	2 263	3 952	2 955	3 666	3 684
Uruguay		2 005	3 309	4 660	4 975	6 473	8 314	7 790
Venezuela		569	1 104	7 462	10 625	8 313	8 965	8 440
Average	703	1 054	1 960	3 673	5 606	5 812	7 169	7 030
<i>Other countries of the Organisation for Economic Co-operation and Development (OECD)</i>								
Australia	517	3 645	5 715	7 493	12 759	17 043	20 390	22 461
Canada	893	1 695	4 447	7 437	13 838	18 933	20 559	23 682
New Zealand	400	2 704	5 152	8 453	12 513	13 825	14 779	16 068
United States	1 257	2 445	5 301	9 561	16 689	23 214	27 331	29 512
Average	767	2 622	5 154	8 236	13 950	18 254	20 765	22 931

Source: Maddison (2001) and IMF (various years).

^a Adjusted for purchasing power parity.

3. The post-1950 period, the second wave of globalization and continuing restrictions on immigration

The end of the Second World War, the economic reconstruction of Europe and the rebuilding of trade and investment relations among nations in the second half of the 1940s and early 1950s gave rise to a new period of prosperity in the global economy. The prevailing policy regime was a system of fixed exchange rates among the main currencies, controlled international capital markets and constrained international migration. That cycle of prosperity and stability lasted until the early 1970s, when industrial countries were faced with the combination of the oil

price shocks and the collapse of the Bretton Woods parities. These two shocks were followed by a new period in the global economy. Economic internationalization received a renewed impetus with the emergence of an active international capital market in the 1970s, culminating in the 1990s. The end of Communism and growing liberalization of trade and capital flows gave increased momentum to the “second wave of globalization”. The increasing global integration of goods and capital markets in this second wave has not been followed, however, by an equal degree of integration in international labour markets.⁴

⁴ See Abella (1997), Stalker (2000) and Solimano (2001).

Restrictive immigration policies, particularly for the low-skilled, are still the rule in the developed countries.

Immigration flows into Argentina (the main recipient in Latin America) resumed after the Second World War, in the mid-1940s, and lasted until the second half of the 1950s, when Europe started to grow again on a sustained basis. In Argentina, by contrast, economic growth was modest in the 1950s, reducing opportunities for both migrants and nationals. In 1950, per capita income was still higher in Argentina, Uruguay and Venezuela than in Italy, Spain and other peripheral European countries, but the differential was shrinking steadily, and by about 1970 the relationship had reversed in the case of Argentina and Venezuela. As will be shown later when the case of Argentina is analysed in more detail, the main economic incentives for emigration from Europe to Argentina virtually disappeared in the 1970s. From then on, reverse migration from Argentina to Italy and Spain was to be the norm (Solimano, 2003).

In the first half of the twentieth century, migration flows to Latin America from Europe coexisted with emigration from various Latin America countries to the United States, Canada and other developed nations. Worldwide migration to the United States (table 2) rose from one million people in the 1940s and two and a half million in the 1950s to almost seven and a half million on average in each of the 1980s and 1990s. It is interesting to note that while in the nineteenth century most migrants to the United States were Europeans (some 88% of total migration in 1820-1920), the percentage of European migrants declined to about 14% in 1971-1998. In that period, the main source region for immigration to the United States was Latin America (46% of the total), followed by Asia (34%). In terms of individual countries, over a long period of 179 years from 1820 to 1998 (table 2) the main source countries for migrants to the United States were Mexico, Cuba and the Dominican Republic in Latin America, the Philippines, China, Korea and India in Asia, and Germany, Italy, the United Kingdom and Ireland in Europe.⁵

⁵ Immigration flows represented, on average, around 7% of the total population of the United States in 1871-1920; the percentage declined to 2.5% in the last third of the twentieth century. Illegal immigration, meanwhile, is estimated to have increased substantially during the 1990s, from 3.3 million in 1992 to 5 million in 1996 (see Solimano, 2001, table 2). Mexico is the main source country for illegal migrants to the United States. Other important source countries for illegal immigrants are El Salvador, Guatemala, Haiti, Honduras, Canada and the Philippines.

a) *Intra-Latin American migration*

We have already highlighted the importance of international differences in per capita incomes, assuming a given set of immigration policies, in driving migration flows. Table 3 shows significant differences in gross domestic product (GDP) per capita among Latin American countries in the period 1950-2000.⁶ In this period, per capita income was more than twice as high on average in Argentina as in Bolivia and Paraguay. As a consequence of this gap, Paraguay and Bolivia became the two main source countries for Latin American immigration to Argentina (table 4). Per capita income in Chile was 65% higher on average than in Peru (and 80% higher than in Ecuador), a gap that widened in the 1990s chiefly as a result of rapid growth in the Chilean economy for most of the decade. The per capita income differential between Venezuela and Colombia has narrowed, owing to slower growth in the former over the last two decades. An already significant per capita income differential between Costa Rica and Nicaragua has widened further since the 1980s, owing to the collapse of the Nicaraguan economy during the civil war of that decade and its very weak performance since. The gap in income levels between the Dominican Republic and Haiti widened sharply in the 1980s and throughout the 1990s.

The important point here is that divergent economic performance among Latin American countries, particularly ones that share common borders, seems to have led to significant migration flows among them. Table 5 shows, for various census years, the *stocks* of foreigners (born inside and outside the region) residing in Latin American countries. This table shows that Argentina has been the main recipient of people born in other Latin American countries, both in absolute numbers and as a share of its population, although the trend is downward. In fact, the absolute number of foreigners living in that country has been steadily declining, dropping from about 2.5 million (12.7% of the total population) in 1960 to about 1.6 million (4.9% of the population) in 1991.⁷ Another country with a large number of foreign-born residents is Venezuela, where the figure rose from almost 600 thousand in 1971 to over a million in 1990. In the remaining countries included in table 5, the percentage of foreign-born residents recorded by censuses is relatively low. Still,

⁶ In this article, GDP figures are used as per capita income equivalents.

⁷ The 1991 census is the latest for which results have been published.

TABLE 2

**United States: Immigration, by migrants' region of origin and country of last residence,
fiscal years 1820-1998**

Region/country of last residence	1820-1870 ^a	1871-80	1881-90	1891-1900	1901-10	1911-20	1921-30	1931-40	1941-50	1951-60	1961-70	1971-80	1981-90	1991-98	Total: 179 years 1820-1998 ^b
Immigrants from all countries	7 377 238	2 812 191	5 246 613	3 687 564	8 795 386	5 735 811	4 107 209	528 431	1 035 039	2 515 479	3 321 677	4 493 314	7 338 062	7 605 068	64 599 082
U.S. population (mid-decade)	23 352 000	45 245 000	56 879 000	69 851 000	84 147 000	100 941 000	116 284 000	127 859 000	140 474 000	165 931 000	194 303 000	215 973 000	239 279 000	263 044 000	270 561 000
Immigrants/U.S. population (%)	31.6	6.2	9.2	5.3	10.5	5.7	3.5	0.40	0.70	1.50	1.70	2.10	3.10	2.90	23.90
<i>Europe</i>	6 717 328	2 271 925	4 735 484	3 555 352	8 056 040	4 321 887	2 463 194	347 566	621 147	1 325 727	1 123 492	800 368	761 550	1 132 002	38 233 062
Austria ^c	7 124	63 009	226 038	234 081	668 209	453 649	32 868	3 563	24 860	67 106	20 621	9 478	18 340	13 776	1 842 722
France	244 049	72 206	50 464	30 770	73 379	61 897	49 610	12 623	38 809	51 121	45 237	25 069	32 353	29 063	816 650
Germany ^d	2 333 944	718 182	1 452 970	505 152	341 498	143 945	412 202	114 058	226 578	477 765	190 796	74 414	91 961	72 792	7 156 257
Hungary	484	9 960	127 681	181 288	808 511	442 693	30 680	7 861	3 469	36 637	5 401	6 550	6 545	7 564	1 675 324
Ireland ^e	2 392 335	436 871	655 482	388 416	339 065	146 181	211 234	10 973	19 789	48 362	32 966	11 490	31 969	54 865	4 779 998
Italy	25 518	55 759	307 309	651 893	2 045 877	1 109 524	455 315	68 028	57 661	185 941	214 111	129 368	67 254	58 346	5 431 451
Soviet Union ^f	3 886	39 284	213 282	505 290	1 597 306	921 201	61 742	1 370	571	671	2 465	38 961	57 777	386 327	3 830 033
Sweden	...	115 922	391 776	226 266	249 534	95 074	97 249	3 960	10 665	21 697	17 116	6 531	11 018	10 325	1 257 133
United Kingdom ^g	1 401 213	548 043	807 357	271 538	525 950	341 408	339 570	31 572	139 306	202 824	213 822	137 374	159 173	128 671	5 247 821
<i>Asia</i>	106 529	124 160	69 942	74 862	323 543	247 236	112 059	16 595	37 028	153 249	427 642	1 588 178	2 738 157	2 346 751	8 365 931
China ^h	105 744	123 201	61 711	14 799	20 605	21 278	29 907	4 928	16 709	9 657	34 764	124 326	346 747	347 674	1 262 050
Hong Kong ⁱ	...	...	...	...	...	...	...	...	...	15 541	75 007	113 467	98 215	96 047	398 277
India	196	163	269	68	4 713	2 082	1 886	496	1 761	1 973	27 189	164 134	250 786	295 633	751 349
Japan	186	149	2 270	25 942	129 797	83 837	33 462	1 948	1 555	46 250	39 988	49 775	47 085	55 442	517 686
Korea ^j	...	...	...	...	...	...	...	...	107	6 231	34 526	267 638	333 746	136 651	778 899
Philippines ^k	...	...	...	...	...	...	...	528	4 691	19 307	98 376	354 987	548 764	433 768	1 460 421
Turkey	301	404	3 782	30 425	157 369	134 066	33 824	1 065	798	3 519	10 142	13 399	23 233	33 027	445 354
Vietnam ^l	...	...	...	...	...	...	...	...	...	335	4 340	172 820	280 782	241 641	699 918
<i>America</i>	349 171	404 044	426 967	38 972	361 888	1 143 671	1 516 716	160 037	354 804	996 944	1 716 374	1 982 735	3 615 225	3 777 281	16 844 829
Central America and Caribbean	50 596	14 114	29 446	33 615	115 740	140 583	90 668	21 363	71 390	167 842	571 543	875 766	1 340 139	1 245 292	4 768 097
Cuba ^a	...	...	...	...	...	...	15 901	9 571	26 313	78 948	208 536	264 863	144 578	136 711	885 421
Dominican Republic ^m	...	...	...	...	...	...	...	1 150	5 627	9 897	93 292	148 135	252 035	300 065	810 201
El Salvador ^m	...	...	...	...	...	...	...	673	5 132	5 895	14 992	34 436	213 539	179 050	453 717
Haiti ^m	...	...	...	...	...	...	...	191	911	4 442	34 499	56 335	138 379	141 181	375 938
Jamaica ⁿ	...	...	...	...	...	...	...	...	...	8 869	74 906	137 577	208 148	139 124	568 624
North America	290 977	388 802	395 217	4 282	228 868	961 189	1 383 802	130 846	232 307	677 763	867 247	810 233	1 812 781	2 088 801	10 273 115
Canada and Newfoundland ^o	271 020	383 640	393 304	3 311	179 226	742 185	924 515	108 527	171 718	377 952	413 310	169 939	156 938	157 564	4 453 149
Mexico ^p	19 957	5 162	1 913	971	49 642	219 004	459 287	22 319	60 589	299 811	453 937	640 294	1 655 843	1 931 237	5 819 966
South America	7 598	1 128	2 304	1 075	17 280	41 899	42 215	7 803	21 831	91 628	257 940	295 741	461 847	443 152	1 693 441
Argentina ^m	...	...	...	...	...	...	...	1 349	3 338	19 486	49 721	29 897	27 327	22 581	153 699
Colombia ^m	...	...	...	...	...	...	...	1 223	3 858	18 048	72 028	77 347	122 849	104 539	399 892
Ecuador ^m	...	...	...	...	...	...	...	337	2 417	9 841	36 780	50 077	56 315	60 031	215 798
<i>Africa</i>	648	358	857	350	7 368	8 443	6 286	1 750	7 367	14 092	28 954	80 779	176 893	280 230	614 375
<i>Oceania</i>	413	10 914	12 574	3 965	13 024	13 427	8 726	2 483	14 551	12 976	25 122	41 242	45 205	45 584	250 206

Source: Immigration and Naturalization Service (2000) and Maddison (1995) for the United States population.

^a The United States population figures for the 1820-1870 period are from 1850. ^b The population figure for the 1820-1998 period (last column) is from 1998. ^c The figures for Austria in 1938-1945 are included in those for Germany. ^d From 1899 to 1919, Poland is included with Germany. ^e Prior to 1926, Ireland includes Northern Ireland. ^f From 1899 to 1919, the Soviet Union includes Poland. ^g From 1926, the United Kingdom includes England, Scotland, Wales and Northern Ireland. ^h From 1957, China includes Taiwan. ⁱ Data not reported separately until 1932. ^j Data not reported separately until 1948. ^k Prior to 1934, Philippines recorded as insular travel. ^l Data not reported separately until 1925. ^m Data not reported separately until 1932. ⁿ Data for Jamaica not collected until 1953 (previously, consolidated under British West Indies). ^o Prior to 1920, Canada and Newfoundland were recorded as British North America. From 1871 to 1898, figures include all British North America possessions. Land arrivals not completely enumerated until 1908. ^p No data available on Mexico for 1886 to 1894.

TABLE 3

Countries of Latin America: GDP per capita, 1950-2000
(1990 dollars)^a

Years	Countries												
	Argentina	Bolivia	Chile	Colombia	Costa Rica	Dominican Republic	Ecuador	Haiti	Mexico	Nicaragua	Paraguay	Peru	Venezuela
1950-1954	4 920	1 912	3 998	2 230	2 134	1 139	1 990	1 066	2 478	1 816	1 533	2 459	7 898
1955-1959	5 384	1 673	4 135	2 404	2 474	1 292	2 162	1 053	2 918	2 052	1 571	2 754	9 549
1960-1964	5 696	1 669	4 529	2 581	2 821	1 409	2 319	1 003	3 295	2 245	1 629	3 261	9 280
1965-1969	6 541	1 972	5 049	2 815	3 371	1 390	2 596	888	3 939	2 793	1 765	3 675	9 990
1970-1974	7 760	2 283	5 318	3 352	4 102	1 840	3 027	984	4 626	2 942	1 980	3 935	10 499
1975-1979	8 112	2 628	4 790	3 873	4 691	2 208	3 705	1 124	5 433	2 988	2 543	4 133	10 947
1980-1984	7 621	2 393	5 349	4 233	4 483	2 413	3 958	1 224	6 342	2 167	3 258	3 971	9 341
1985-1989	7 058	2 098	5 682	4 540	4 524	2 436	3 874	1 099	5 926	1 758	3 147	3 695	8 645
1990-1994	7 515	2 264	7 255	4 953	4 962	2 566	4 000	913	6 295	1 400	3 270	3 009	8 881
1995-2000	8 670	2 405	9 436	5 262	5 348	3 124	4 006	809	6 550	1 451	3 182	3 623	8 752
1950-2000	6 962	2 135	5 630	3 656	3 920	2 004	3 180	1 012	4 815	2 147	2 403	3 455	9 366

Source: Maddison (2001) and IMF (various years).

^a Adjusted for purchasing power parity.

TABLE 4

Latin America and the Caribbean: Ratio of GDP per capita in migrants' countries of destination and origin^a

Destination Origin	Argentina			Chile		Venezuela	Costa Rica	Dominican Rep.
	Bolivia	Chile	Paraguay	Peru	Ecuador	Colombia	Nicaragua	Haiti
1950-1954	2.58	1.23	3.21	1.63	2.01	3.54	1.18	1.07
1955-1959	3.23	1.30	3.43	1.50	1.91	3.97	1.21	1.23
1960-1964	3.42	1.26	3.50	1.39	1.95	3.60	1.26	1.41
1965-1969	3.32	1.30	3.71	1.37	1.94	3.55	1.21	1.57
1970-1974	3.40	1.46	3.92	1.35	1.77	3.14	1.39	1.87
1975-1979	3.09	1.71	3.22	1.16	1.29	2.83	1.62	1.97
1980-1984	3.19	1.43	2.34	1.35	1.35	2.21	2.07	1.97
1985-1989	3.37	1.25	2.25	1.56	1.46	1.91	2.61	2.22
1990-1994	3.31	1.04	2.30	2.41	1.81	1.79	3.55	2.86
1995-2000	3.60	0.92	2.73	2.60	2.36	1.66	3.69	3.86
1950-2000	3.26	1.28	3.05	1.65	1.80	2.80	2.01	2.04

Source: Maddison (2001) and IMF (various years).

^a Ratio based on per capita GDP in 1990 dollars, adjusted for purchasing power parity.

it would be interesting to learn more about how these trends developed in the 1990s as more recent census figures become available.

b) Remittances

The financial counterpart of the physical movement of people abroad (emigration) are the remittances sent back home by the migrants. This underscores the fact that net emigration is not in itself a pure cost for the sending country; the accrual of remittances is a benefit of migration

that has to be weighed against its costs. The quantitative significance of remittances to Latin America is high: the 2002 total is put at US\$ 32 billion (MIF, 2003). To put this number in perspective, foreign direct investment (FDI) in Latin America was about US\$ 39 billion that year and official transfers were about US\$ 3 billion (CEPAL, 2002). The average share of remittances to GDP in 14 Latin American countries in 2001 was 8.5%, although with large variations among countries. Remittances represented 24.5% of GDP in Haiti, 17% in El Salvador, 15% in Jamaica

TABLE 5

Countries of Latin America: Resident foreign population, census years^a

Country of residence	Year	Population total ^b	Total foreign-born population		Country of birth															
			Percentage of total population	Number of people	Argentina	Bolivia	Chile	Colombia	Costa Rica	Ecuador	Haiti	Nicaragua	Paraguay	Peru	Dominican Republic	Venezuela	Rest of world			
Argentina	1960	20 010 539	12.7	2 540 226		88 830	116 840	1 138	209	617	30	53	153 844	5 164	76	991	2 172 34			
	1970	23 390 050	9.4	2 193 330		101 00	142 150	N.A.	N.A.	N.A.	N.A.	N.A.	230 050	ND.	N.A.	N.A.	1 720 130			
	1980	27 947 446	6.61	1 857 703		115 616	207 176	1 864	N.A.	771	N.A.	N.A.	259 449	8 002	N.A.	1 401	1 263 424			
	1991	32 615 528	4.9	1 605 871		143 735	218 217	2 638	451	975	73	142	251 130	15 977	259	1 934	970 340			
Bolivia	1976	4 613 486	1.3	58 070	14 669		7 508	412	40	183	16	18	972	4 730	12	144	29 366			
	1992	6 420 792	0.9	59 807	17 829		3 909	529	83	243	5	54	955	5 805	36	300	30 059			
Chile	1970	884 768	1.0	88 881	13 270		7 563		101	967	52	56	290	3 804	80	388	61 510			
	1982	11 329 736	0.7	84 345	19 733		6 298		191	1 215	36	99	284	4 308	73	942	50 097			
	1992	13 348 401	0.9	114 597	34 415		7 729		1 666	448	2 267	37	168	683	126	2 397	57 012			
Colombia	1964 ^b	17 484 508	0.4	74 055	1 190		N.A.	1 130		400	10 126	N.A.	272	N.A.	N.A.	16 224	43 258			
	1985 ^b	27 837 932	N.A.	N.A.	N.A.		N.A.	N.A.		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.			
	1993	33 109 840	0.3	106 162	1 953		390	1 496		452	9 040	64	307	137	3 182	47	43 285	45 809		
Costa Rica	1963	1 336 274	2.6	34 981	144		N.A.	89		658		135	N.A.	18 368	N.A.	N.A.	320	15 267		
	1973	1 871 780	2.5	46 077	347		87	670		1 014		272	25	23 331	31	315	55	435	19 495	
	1984	2 416 809	3.7	88 954	697		189	1 277		1 678		318	30	45 918	39	1 016	134	748	36 910	
Ecuador	1982	8 060 712	0.9	75 404	1 691		381	5 747		39 443		280	22	142	85	1 887	102	1 674	23 950	
	1990	9 648 189	0.8	73 179	1 558		424	4 948		37 553		313	22	161	90	2 396	78	2 379	23 257	
Haiti	1971	4 329 991	0.1	6 000	9		4	12		23		1	9		8	2	10	1 659	7	4 256
	1982 ^b	5 053 189	N.A.	N.A.	N.A.		N.A.	N.A.		N.A.		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Nicaragua	1971	1 877 952	1.1	21 174	107		N.A.	100		304		4 693	N.A.	N.A.		N.A.	N.A.	N.A.	87	15 883
	1995	4 357 099	0.6	26 043	147		38	115		237		4 727	78	20		10	176	52	116	20 327
Paraguay	1972	2 357 955	3.4	79 686	27 389		364	359		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	51 574
	1982	3 029 830	5.5	166 879	43 336		500	1 715		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	121 328
	1992	4 152 588	4.5	187 372	47 846		766	2 264		189		45	72	13	24		1 432	14	91	134 616
Peru	1972 ^b	13 538 208	0.5	67 186	4 286		4 115	7 525		1 528		...	2 399	N.A.	N.A.		N.A.	N.A.	N.A.	47 333
	1981	17 005 210	0.4	66 925	5 025		3 210	5 976		1 985		190	1 739	N.A.	N.A.		N.A.	N.A.	812	47 988
	1993	22 048 356	0.2	52 725	4 165		3 216	4 652		2 374		215	1 801	15	135		194	104	1 489	34 365
Dominican Republic	1970	4 009 458	0.8	32 419	213		21	47		120		40	57	19 065	15	4	345		114	12 378
	1981 ^b	5 545 741	N.A.	N.A.	N.A.		N.A.	N.A.		N.A.		N.A.	N.A.	N.A.	N.A.		N.A.	N.A.	N.A.	N.A.
	1993 ^b	7 293 390	N.A.	N.A.	N.A.		N.A.	N.A.		N.A.		N.A.	N.A.	N.A.	N.A.		N.A.	N.A.	N.A.	N.A.
Venezuela	1971	10 721 522	5.4	582 560	4 481		1 166	2 999		177 973		1 314	5 292	353	866	186	2 168	1 886		383 876
	1981	14 516 735	7.2	1 048 159	11 371		2 301	24 703		494 494		1 795	21 091	1 238	2 187	456	19 956	15 745		452 822
	1990	18 105 265	5.7	1 024 121	9 070		1 936	20 787		528 893		1 494	23 370	1 593	2 033	494	27 748	17 140		389 563

Source: ECLAC Investigation of International Migration in Latin America database.

^a N.A.: Information not available in the ECLAC Population Division – Latin American and Caribbean Demographic Centre (CELADE).

^b Figures from census publications.

and 9% in Ecuador, but less than 3% in Peru, Colombia, Mexico and Brazil. As a share of exports, remittances were equivalent to over 150% in Haiti, 80% in Nicaragua, 60% in El Salvador and 20% in Ecuador (table 6). It is worth noting that figures on remittances could be somewhat understated, as transactions are often routed through

informal channels (e.g., carried by friends or relatives) or go unrecorded. The macroeconomic and developmental impact of remittances is favourable, as they supplement domestic saving. Furthermore, the recipients are usually low-income families in the migrants' countries of origin (Solimano, forthcoming).

TABLE 6

Latin America and the Caribbean: Migrants' remittances received in 2001

Country	Remittances		
	Millions of dollars	As percentage of GDP	As percentage of exports
Mexico	9 273	1.7	6.5
Brazil	2 600	0.4	4.0
El Salvador	1 920	17.0	60.0
Dominican Republic	1 807	10.0	27.0
Ecuador	1 400	9.0	20.0
Jamaica	959	15.0	30.0
Cuba	930	5.0	40.0
Peru	905	1.7	10.6
Haiti	810	24.5	150.0
Colombia	670	0.0	2.4
Nicaragua	610	22.0	80.0
Guatemala	584	3.1	6.
Honduras	460	7.5	17.0
Bolivia	103	1.3	6.7
<i>Total and averages</i>	<i>23 031^a</i>	<i>8.5^b</i>	<i>33.6^b</i>

Source: IMF (2003). The information for Mexico, Central America and the Caribbean was obtained from central banks. The figures for the South American countries (Bolivia, Colombia and Ecuador) probably understate the true amounts.

^a Total for the countries.

^b Average for the countries.

III

Determinants of international migration

Having gone through the main trends of global and regional migration to and from Latin America over different periods of history, let us now review the main economic determinants of migration and related topics.

1. Economic determinants of international migration

One of the main reasons for people to migrate is the expectation that they will earn more abroad than in their home countries. There are also other variables that exert an important influence on the decision to emigrate, such

as the state of the business cycle, the existence of social networks that support migrants, migration policies and costs, and war, ethnic discrimination and political persecution at home.⁸

⁸ Migration equations usually include the following variables as determinants of the migration rate: the ratio between real wages (or real per capita income) in the home and destination countries; a lagged migration variable capturing friends and relatives effects (social networks) in the destination country; a two-decades lagged demographic variable representing population growth in the home country, and a variable denoting the degree of industrialization in the home country (O'Rourke and Williamson, 2000).

The magnitude and direction of international migration are often influenced by the following factors.

a) *Per capita income or real wage differentials between sending and receiving countries*

Net immigration flows (immigration minus emigration) are positively correlated with the ratio between real per capita income (or real wages) in the destination country and real per capita income (or real wages) in the source country.⁹ Taking into account uncertainty, the relevant variable is the income expected in the place of destination compared with the income expected in the home country. In a dynamic, intertemporal specification, the most relevant variable would be the present value of the difference in expected relative earnings streams between the recipient country and the home country.

b) *The state of the business cycle and economic prospects in the sending and receiving countries*

Rapid economic growth and labour shortages in receiving countries tend to increase the likelihood that immigrants will find work. Conversely, in periods of sluggish growth and higher unemployment there is less likelihood of this. While the decision to emigrate depends largely on per capita income differentials across countries, the *timing* of migration is correlated with the state of the business cycle in the sending and receiving countries

c) *Network effects*

Empirical analysis of migration flows (Hatton and Williamson, 1998; Borjas, 1999) shows that migrants tend to attach a high value to the presence of friends and relatives as a factor in their choice of destination country. In fact, family, friends and ethnic/national networks can serve as a support system, helping them to get information about jobs and other relevant host nation characteristics and thus facilitating individual and family adjustment after migration.

d) *Immigration policies*

If migration policies in host countries are restrictive they will deter immigration, although not completely,

as there is always illegal migration to some countries.¹⁰ A distinction should be drawn here between the desire to migrate and the ability to do so.

e) *Migration costs*

These include travel costs, airline or other tickets, shipping costs and living expenses in the host country, besides the costs of looking for work. Unskilled and poor migrants tend to be most affected by these costs, which often inhibit them from migrating across borders. The poorest are usually not the ones who emigrate, as they cannot afford it.

f) *Cultural differences across countries*

Features such as language, traditions and family relationships affect migration patterns. As these cultural traits are often different in the host country and the sending country, they tend to act as a brake on international migration.

g) *Geographical distance or proximity*

In general, immigration to neighbouring or nearby countries is higher than immigration to further-off countries: geography affects the direction and size of emigration flows.

2. Political regimes and international migration

Outflows and inflows of people do not only depend on economic considerations. The political regimes prevailing in host and source countries –democracy or authoritarianism– also matter in the decision to emigrate. Individuals will usually prefer to live in countries where civic freedoms and individual rights (freedom of speech and association, access to fair trial, religious freedom, right to elect public authorities, etc.) are respected and economic rights (property rights, contract enforcement) are protected. This tends to occur more often in democracies than in dictatorships, as the latter tend to curtail individual rights.¹¹ In his classic book *Exit, Voice and Loyalty*, Albert Hirschman draws a distinction –useful for an understanding of the economic and political causes of migration– between purely economic choices and collective action. While “exit” is often an economic decision, “voice” belongs to the realm of collective or political action (Hirschman,

⁹ See Hatton and Williamson (1998, chapters 3 and 4) for a detailed discussion of the impact of per capita income gaps on emigration flows from Europe to New World countries in the late nineteenth and early twentieth centuries. The role of per capita income gaps on migratory flows to and from Argentina is examined in section IV and in Solimano (2003).

¹⁰ See Chiswick and Hatton (2002) for an interesting analysis of migration policies in receiving countries.

¹¹ See Olson (2000) for an insightful analysis of the economic consequences of democracies and autocracies.

1972). This framework suggests that individuals who are unsatisfied or discontented with current political and economic conditions in their home countries, but find that “voice” (i.e., collective action) has become an ineffective expedient to change things, may choose to exit their countries (i.e., to emigrate). Thus, the decision to emigrate voluntarily (unlike the problem of refugees and asylum, which are instances of forced migration) is also affected by the perception that nationals or foreign residents have of the quality of the political regime in the country of residence or destination. This suggests a direct relationship between the emigration of nationals (or the repatriation of foreigners) and the existence of authoritarian regimes that suppress political

rights and civil liberties. There are several Latin American examples that illustrate this: the establishment of military regimes in Argentina in the 1960s and 1970s that curtailed civil liberties and interfered with the universities, where they suppressed academic freedoms, was followed by a massive outflow of professionals and scientists, a brain drain that had serious consequences for the country. A similar situation arose under authoritarian regimes in Brazil in the 1960s and 1970s, and in Chile in the 1970s and 1980s. In these cases, emigration (very often of individuals with a high stock of human capital) became an individual response to non-democratic political regimes that failed to respect civic rights.

IV

From net immigration to net emigration: Argentina in the twentieth century

1. Economic and political developments in Argentina

Having been one of the six most developed economies in the world in the late 1920s, by the last quarter of the twentieth century Argentina ranked among the middle-income economies of the developing world. As a consequence of this, a country which from 1870 to the 1950s had been a net “importer” of people, mainly from Europe, became a net “exporter” –often of highly educated citizens– in the last decades of the twentieth century.

The economic development process in Argentina went through different phases and cycles that, over time, started to diverge from those of the best performers of the world economy. The 1870-1914 period, which economic historians have dubbed Argentina’s *belle époque*,¹² was characterized by rapid economic growth, large inflows of foreign capital and, as mentioned before, mass immigration from Europe, the main source countries being Italy and Spain, which accounted for nearly 80% of total migration to the country (Bunge and Garcia Matta, 1969). In this period, which

coincided with the “first wave of globalization”,¹³ the Argentine economy grew at 6% a year and per capita income was 33% higher than in Spain and 38 % higher than in Italy (table 7).

As mentioned earlier, migration policies in Argentina were designed to actively recruit migrants abroad. In the mid-nineteenth century, the government opened recruitment offices in Italy and Spain, and immigrants from those countries had their travel costs paid and were provided with housing and land grants. This strategy helped attract massive international migration to Argentina in 1870-1914.

In that period, net immigration (immigrants minus emigrants) to Argentina averaged about 57,000 people a year, giving a net migration rate of about 15 per 1,000 (table 7). Net immigration fell in the early inter-war years (1914 to 1929) to about 40,000 a year, or around half the 1900-1914 figure. Those years were highly disruptive for the world economy, and Argentina was not immune to that situation. Ongoing disorganization in world capital markets and disruption in European import markets restricted the country’s access to external financing and constrained export opportunities.¹⁴ Migration flows were

¹² See Diaz Alejandro (1970), Bunge and Garcia Matta (1969), Cortés Conde (1979), Taylor (1994b) and Solberg (1978).

¹³ See Della Paolera (1994).

¹⁴ See Della Paolera and Taylor (1997).

TABLE 7

Argentina: Economic periods and international migration, 1870-2000

Period	Net migration ^a		Total population (annual average, thousands of people)	Average annual GDP growth (%)	Argentina (index 1990=100)	GDP per capita ratio between Argentina and other countries						
	Annual average (number of people)	Rate ^b (per thousand population)				U.S. ^c	Spain ^c	Italy ^c	OECD ^c	Bolivia ^d	Chile ^d	Paraguay ^d
Global integration and growth (<i>Belle Epoque</i>)												
1870-1900	33 962.0	11.5	3 037.8	6.2 ^e	35.4 ^e	0.58	1.17	1.28	0.78	N.A.	N.A.	N.A.
1900-1914	103 786.7	17.0	6 183.6	4.3	52.0	0.68	1.65	1.62	1.06	N.A.	N.A.	N.A.
1870-1914	56 957.9	15.1	4 049.6	5.9 ^e	41.6 ^e	0.61	1.33	1.38	0.87	N.A.	N.A.	N.A.
Early inter-war years												
1914-1929	40 436.5	4.4	9 479.9	3.8	55.7	0.59	1.53	1.32	0.99	N.A.	N.A.	N.A.
Import substitution development strategy												
1930-1940	21 945.0	1.7	13 053.9	1.5	60.1	0.64	1.66	1.30	0.93	N.A.	N.A.	N.A.
1940-1950	47 752.1	3.1	15 490.5	3.7	70.9	0.47	2.01	1.65	0.94	N.A.	N.A.	N.A.
1950-1960	60 158.2	3.2	18 891.8	2.9	79.6	0.46	1.76	1.17	0.80	2.96	1.27	3.34
1960-1970	32 969.3	1.5	22 277.1	4.7	95.4	0.45	1.27	0.83	0.68	3.37	1.29	3.63
1970-1975	57 986.1	2.8	26 030.9	4.2	119.7	0.47	0.97	0.78	0.66	3.37	1.53	3.88
1930-1975	41 268.5	2.3	18 280.7	3.3	81.4	0.50	1.58	1.19	0.82	3.19 ^f	1.33 ^f	3.56 ^f
Early economic liberalization												
1975-1990	-1 387.5	-0.05	29 244.75	0.1	115.6	0.38	0.78	0.58	0.52	3.21	1.43	2.57
Economic reform and liberalization												
1990-2000	-2 155.3	-0.1	34 732.1	3.6	122.2	0.32	0.62	0.48	0.44	3.47	0.97	2.53
1975-2000	-1 683	-0.05	31 439.35	1.6	119.0	0.36	0.72	0.55	0.49	3.33	1.25	2.57
1870-2000 (average)	9 685	6.4	18 503.3	3.9 ^e	44.5 ^e	0.50	1.37	1.11	0.80	3.26 ^f	1.28 ^f	3.05 ^f

Source: Solimano (2002b)

^a Net immigration = Immigration - emigration.

^b Average net migration / population in middle year of period.

^c 1990 dollars, adjusted for purchasing power parity.

^d Constant 1995 dollars.

^e Since 1875.

^f Since 1950.

driven by the combination of diminished economic opportunities in Spain and Italy and the abundance of land, the scarcity of labour and the dynamism of the meat and grain export industry, largely oriented towards the British market, that then existed in Argentina. Foreign capital provided the resources needed to build and upgrade infrastructure such as railways, ports and roads, and foreign immigration supplied the labour and entrepreneurialism required to seize those opportunities.

The 1930s were bad years for the Argentine economy, with GDP growth declining to an annual rate of 1.5%.¹⁵ Like other Latin American economies at that time, Argentina adopted an inward-looking development strategy in the early 1930s, raising tariffs on imports of intermediate and capital goods.¹⁶ The economic decline in Argentina also resulted in net immigration flows into the country falling sharply to about 22,000 immigrants a year between 1930 and 1940. After the Second World War there was a resumption in European migration to Argentina, and this lasted until the mid-1950s. The human and economic devastation brought about by that war drove Europeans to leave their home countries, and Argentina was a natural destination because of the existing ties and knowledge of the country built up during the large migration waves of the late nineteenth and early twentieth centuries.

In the late 1940s and the 1950s, however, the combination of rapid economic recovery in Europe and a lagging economic performance in Argentina steadily closed the per capita income gaps between Argentina and European countries and thus reduced the incentives for immigration to the country from Europe, which declined sharply in the 1960s (table 7) and almost dried up in the 1970s and 1980s.¹⁷

Coinciding with the decline in immigration from Europe, the 1950s saw an increase in international migration to Argentina from neighbouring countries. As mentioned in section II, there were considerable flows, mainly of rural workers and unskilled urban

labourers from Paraguay, Bolivia and Chile.¹⁸ In addition to this change in the source countries for migration to Argentina, large-scale internal migration from rural areas to cities had begun in the 1930s, associated with import substitution industrialization, the growth of government and ever increasing urbanization. Immigrants from neighbouring countries went to do jobs in rural areas that had been relinquished by Argentine workers moving to the cities. Another important trend in the 1950s, 1960s and 1970s was the emigration of Argentines, particularly highly skilled professionals, scientists and intellectuals.¹⁹ Besides economic decline, this emigration was largely driven by the policies of the Perón administrations, which discriminated against non-Peronist intellectuals and professionals in the 1950s, and the open hostility of the military regimes to dissent in the universities in the 1960s and 1970s. This situation reached a dramatic climax in 1967 under the Government of general Juan Carlos Onganía, when State intervention in the University of Buenos Aires alone resulted in the expulsion of 1,305 faculty members (Lattes, Oteiza and Graciarena, 1986). This was followed by a brain drain: intellectuals started to leave Argentina because of the risk of dismissal and possibly imprisonment, and because budget cuts in the universities were undermining scientific research and teaching work.²⁰ After a period of democratic government in the early 1970s, the situation worsened again after the military coup of 1976. In its effort to consolidate power, the regime implemented a general strategy of repressing any potential opponent, including a massive “purge” of scientists, professionals and students.²¹

2. Econometric estimates

In the last quarter of the twentieth century, economic stagnation and instability combined with cycles of

¹⁵ See Della Paolera and Taylor (1998) and Diaz-Alejandro (1970) for an analysis of the impact of the external shocks of the 1930s and Argentina's policy response.

¹⁶ Diaz-Alejandro (1970) and Taylor (1994a) have shown that the import substitution policies adopted in the 1930s in Argentina contributed significantly to higher relative prices for capital goods in the country, thereby discouraging capital formation and growth.

¹⁷ As a consequence of this reversal, in 1975-2000 Argentina's per capita GDP averaged only 72% of Spain's and 55% of Italy's (table 7).

¹⁸ Paraguayans and Bolivians mainly went to the north of Argentina, while most Chilean immigrants went to agricultural estates in the south and the oil fields of Patagonia.

¹⁹ See Lattes, Oteiza and Graciarena (1986) for statistics on the emigration of Argentine doctors, engineers, scientists and technicians to the United States between 1950 and 1970.

²⁰ The case of César Milstein is telling. This outstanding Argentine scientist emigrated from Argentina and went to work in the University of Cambridge. A few years later, he was awarded the Nobel Prize while still abroad.

²¹ The military authorities kept virtually no records of the outflow of Argentines between 1976 and 1981, and this empirical problem makes it difficult to understand the effects of events in this period on migration flows.

political authoritarianism to turn Argentina into a country of *net emigration* to the rest of the world. From the 1950s onward, volatile growth and macroeconomic instability (partially and briefly reversed in the 1990s) clearly weakened the strong economic incentives for immigration that had existed in Argentina in the late nineteenth and early twentieth centuries. Populist-nationalist governments and repressive military regimes also helped discourage immigration from Europe²² and, as we have seen, the military regimes²³ compelled many of the best qualified and hence most mobile Argentines to leave the country at different times during the second half of the twentieth century.

Solimano (2003) provides econometric estimates of the economic and political determinants of net immigration into Argentina during the twentieth century, for various subperiods²⁴ and for the whole of the 1990-1999 period. The main results of this study can be summarized as follows:

i) The per capita income gap between Argentina and the source countries (chiefly Europe until the mid-

1950s and Paraguay, Bolivia and Chile thereafter) has had a statistically significant effect on net migration (immigration minus emigration) to and from Argentina. The econometric results show the per capita income gaps between Argentina and source countries to be a robust determinant of net immigration in the different subperiods of the twentieth century. This also confirms the important role of relative income differentials in driving international migration, as discussed in section III.

ii) The econometric results also show that authoritarian regimes have had a statistically significant negative effect on immigration into Argentina (and a positive effect on emigration from Argentina), confirming the importance of political regimes, and more specifically the suppression of civil and academic liberties and the violation of human rights by dictatorships, as determinants of migration decisions. This effect seems to be greatest in the case of skilled people with a large stock of human capital, who are more mobile and can afford to migrate to other countries.

V

Concluding remarks

This paper has shown that international migration burgeoned during the first wave of globalization (from about 1870 to 1913) as capital and goods markets became increasingly integrated in the context of an open global economy and a monetary system based on the gold standard. This situation came to an end during the deglobalization period that ran from 1914 until the mid to late 1940s, and that included two world wars, macroeconomic instability in the 1920s, economic

depression in the 1930s and recurrent political turbulence. All this created a climate conducive to a more restrictive regime of international migration.

International labour markets have remained segmented in the second wave of globalization that began in the 1970s, with restrictive immigration policies, particularly for unskilled labour, in the more developed economies. However, people with more skills and a high level of education (professionals, information technology experts, international investors) have become far more internationally mobile as globalization in capital and goods markets has increased.

International migration to and from Latin America has been driven mainly by per capita income differences between the region and the rest of the world. Likewise, intraregional migration has reflected per capita income disparities among countries in Latin America. South-north migration to the United States has been dominated by Mexico and other Central American and Caribbean countries. Argentina was a major destination country for migrant European labour during the age of mass migration in the late nineteenth and early twentieth

²² These political features of Argentina do not seem to have deterred immigration from Bolivia or Paraguay, which had their own share of authoritarian regimes.

²³ From the early 1930s until the early 1980s, Argentina had a history of considerable political instability with frequent changes between democratic and authoritarian regimes. The replacement of democratically elected governments by authoritarian regimes started with José Uriburu in 1930 (replacing the democratic government of Hipólito Irigoyen) and ended with the military regime of general Galtieri in 1983, when the election of President Raúl Alfonsín inaugurated a cycle of democratic governments that so far has lasted about 20 years.

²⁴ The results of the regressions are given in appendix A.

centuries. However, as economic growth in Argentina slowed down and became more unstable from the 1930s onward, opportunities for migrants from Europe declined, and in the late 1950s this source of migration virtually disappeared. It was replaced by migration from neighbouring countries with lower per capita incomes, mainly Paraguay and Bolivia. In the second half of the twentieth century, furthermore, emigrants from Argentina (chiefly professionals and highly qualified people) outnumbered immigrants as persistent economic instability came to be compounded by

political authoritarianism, especially in the 1960s and 1970s.

A time series econometric analysis of migration to and from Argentina shows the importance for net immigration rates of income gaps between Argentina and sending nations. This finding is robust for various subperiods of the twentieth century. As mentioned earlier, the empirical analysis also finds that authoritarian regimes have had a negative impact on net immigration, impoverishing Argentina's human capital.

Box

CONSTRUCTION OF VARIABLES

Net migration rate

Immigration minus emigration per thousand population.

Argentina's per capita GDP

Millions of 1990 dollars adjusted for purchasing power parity (Geary-Khamis method) / population of Argentina in thousands at mid-year.

Europe's per capita GDP

Millions of 1990 dollars adjusted for purchasing power parity (Geary-Khamis method) / population in thousands at mid-year.

i) Europe's per capita GDP (1900-1929, 1900-1999) = 1/3 [1/6 (GDP per capita of Austria + GDP per capita of Belgium + GDP per capita of France + GDP per capita of Germany + GDP per capita of Switzerland + GDP per capita of UK)] + 1/3 GDP per capita of Spain + 1/3 GDP per capita of Italy.

Change in weights reflects decline in importance of Italy and Spain as source of immigration to Argentina.

ii) Europe's GDP per capita (1929-1960, 1960-1999) = 1/8 [GDP per capita of Austria + GDP per capita of Belgium + GDP per capita of France + GDP per capita of Germany + GDP per capita of Switzerland + GDP per capita of UK + GDP per capita of Spain + GDP per capita of Italy].

Per capita GDP in countries neighbouring Argentina

Millions of 1995 dollars / population in thousands at mid-year.

GDP per capita (1950-2000) of neighbouring countries = 1/3 [GDP per capita of Bolivia + GDP per capita of Chile + GDP per capita of Paraguay].

Cyclical GDP index

Ratio of actual GDP to trend GDP in Argentina, both in millions of 1990 dollars adjusted for purchasing power parity (Geary-Khamis method).

Trend GDP for Argentina was constructed using the Hodrick-Prescott filter.

Political regime index

Dummy variable with 1 = authoritarian regime.

APPENDIX A

Argentina: Econometric estimates of net immigration equations.**Dependent variable: Net migration rate^a***(per thousand inhabitants)*

	1990-1929			1929-1960				1960-1999						1900-1999 (3-year average)				
	[1]	[2]	[3]	[1]	[2]	[3]	[4]	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	
Constant	3.89 [2.46]	-14.86 [-3.96]	-16.81 [-2.97]	0.55 [1.33]	0.07 [0.16]	0.64 [1.83]	0.90 [2.43]	-20.51 [-3.20]	-21.15 [-3.44]	-25.31 [-3.50]	-40.52 [-4.98]	-58.85 [-1.50]	-56.08 [-1.36]	3.76 [3.30]	5.55 [7.33]	6.41 [8.11]	6.27 [5.52]	
One lag Net migration (-1)	0.6 [6.20]	0.20 [1.74]	0.20 [1.43]	0.74 [6.91]	0.73 [7.50]	0.65 [8.31]	0.63 [8.23]			-0.27 [-1.38]	-0.34 [-1.83]	-0.34 [-1.80]	-0.34 [-1.76]				0.02 [0.18]	
Two lags Net migration (-2)											-0.54 [-2.79]	-0.49 [-2.23]	0.50 [-2.20]					
Logarithm of Argentina's per capita GDP over Europe's per capita GDP ^b		79.96 [5.08]	86.68 [4.02]		5.58 [2.69]	2.74 [1.59]	2.97 [1.77]						-6.49 [-0.47]	-5.78 [-0.41]	9.53 [3.20]	10.46 [5.63]	10.67 [6.18]	10.36 [4.68]
Logarithm of Argentina's per capita GDP over neighbouring countries' per capita GDP ^b																		
Logarithm of Argentina's cyclical GDP index ^b			-11.16 [-0.46]			22.86 [4.51]	21.32 [4.27]		27.46 [1.81]	27.51 [1.85]	34.12 [2.36]	41.68 [1.92]	41.27 [1.85]		55.43 [6.81]	54.24 [7.18]	53.48 [5.67]	
Political regime index ^b							-0.75 [-1.70]						0.60 [0.38]			-3.55 [-2.37]	-3.39 [-2.00]	
R ²	0.40	0.76	0.76	0.61	0.69	0.82	0.83	0.29	0.37	0.43	0.64	0.64	0.64	0.26	0.72	0.77	0.76	
Durbin-Watson autocorrelation statistic	0.62	1.10	1.71	2.91	2.48	1.32	1.18	2.5 ^c	2.7 ^c	1.57 ^d	-1 ^e	-0.87 ^e	0.40 ^e	0.92 ^c	1.64 ^c	1.99 ^c	0.16 ^d	
Number of observations	30	30	30	32	32	32	32	32	32	30	28	28	28	31	31	31	30	

Source: Solimano (2002b).^a Net migration rate = immigration minus emigration per thousand population.

Method of estimation: ordinary least squares (OLS). Values in brackets are Student t-statistics.

^b See box for definitions of these variables.^c Durbin-Watson.^d Augmented Durbin-Watson.^e Student t-statistic.

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