

Authors

Emily Barker

Jakub Bijak

Valentina Di Iasio

Jackline Wahba

Editor

Daniela Vono de Vilhena

Why Should We Care About Uncertainty in Migration Flows?

Reasons and Challenges from an Economics Perspective

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Introduction

Migration processes, despite being highly uncertain, volatile and complex, very often demand concrete, rapid and targeted policy responses. Yet, addressing the uncertainty that is an inherent feature of migration trends is still a challenge. How can progress be achieved in this area? In January 2022, the EU Horizon 2020 QuantMig (Quantifying Migration Scenarios for Better Policy) project organised a High-Level Experts Meeting to discuss this subject with eminent scholars and stakeholders. The discussions were based on the following questions: (1) Why should policy makers care about the uncertainty of migration? (2) What aspects of migration patterns are still understudied? and (3) What are the main challenges related to analysing migration patterns, their determinants and impacts?

Participants in the meeting included: **Hippolyte d'Albis** (Centre national de la recherche scientifique), **Francesca D'Auria** (European Commission, Directorate General for Economic and Financial Affairs), **Thomas Liebig** (OECD), **Jay Lindop** (UK Office for National Statistics), **Constantinos Melachrinou** (European Union Agency for Asylum), **Andrea Milan** (IOM's Global Migration Data Analysis Center), **Natalia Popova** (International Labour Organization), **Kristina Sargent** (Middlebury College), **Edgar Scrase** (United Nations High Commissioner for Refugees), **Madeleine Sumption** (University of Oxford), **Samuel Vézina** (Statistics Canada), **Jonathan Wadsworth** (University of London), **Emily Barker**, **Jakub Bijak**, **Valentina di Iasio** and **Jackline Wahba** (University of Southampton), among others who preferred to remain anonymous. In this Policy Brief, we present QuantMig results that take migration uncertainty into account in different ways and summarise the discussions that took place during the meeting.

Accounting for uncertainty in empirical models in QuantMig

Uncertainty is a key feature of migration, and it is necessary to recognise that migration can never be perfectly estimated or predicted. The more than 2 million refugees fleeing Ukraine in the first two weeks after the Russian invasion on the 24th of February 2022 demonstrate the scale of the challenge. Relatedly, a policy change in one country can have unplanned effects on the migration flows to or from other countries. Thus, dealing with uncertainty in the size and pattern of migration is important when devising

migration policies and its potential impact of migration on society and the economy.

Uncertainty assessment is at the core of the QuantMig project, and several reports on the topic have already been published. At the meeting, two studies were presented. One (Di Iasio & Wahba 2021) looked at the Brexit referendum in the context of policy uncertainty and the impact it has on migration flows, specifically at the micro-level of individual decisions. The other one (Barker & Bijak 2021) explored uncertain migration processes, their drivers and impacts, as well as proposes ways of looking at the uncertainty of migration forecasts and scenarios across a range of time horizons through the lens of empirical and theoretical macroeconomic models.

In the first report, Di Iasio and Wahba (2021) compare EU migration to non-EU migration before and after the UK Brexit referendum of June 2016. Their results show that policy uncertainty has had a negative impact on migration in the UK. This uncertainty has (1) reduced migration inflows from the EU to the UK, (2) increased emigration of EU nationals from the UK and (3) reduced net EU migration to the UK. However, the authors find that the UK referendum had no spillover effects on the attractiveness of other EU countries as preferred migration destinations. In the second paper, Barker and Bijak (2021) present empirical and theoretical models to take uncertainty into account while analysing migration shocks and to examine the performance of migration forecasts in the short and long-run. As an illustration of scenario-based studies, they look at the role of job automation on different types of migration flows, concluding that net immigration shocks are expansionary to the economy, with shocks related to highly-skilled migration having a greater expansionary effect whilst net emigration shocks are, predominantly, contractionary.

Why and how should policy makers care about migration uncertainty?

Policy decisions often do not have the impact decision-makers claim they will. This is well known. However, admitting uncertainty about expected policy effects may indicate an inability to control outcomes of individual policies. In addition, policy makers often overestimate the impact policies may have on migration: policies are only one factor influencing migration flows and often only a weak one. Migration patterns change a lot even when there are no policy changes in destination countries, for example when strong economic or political crises hit specific countries of origin.

How do we overcome these challenges? Participants in our meeting were straightforward: admitting there are things we do not know and having contingency plans for these unexpected changes is a safe approach. Communicating uncertainty in an effective way is also crucial. For this approach to work, it is important to admit that while data are not perfect, they properly inform about trends, patterns and the reasons why people migrate. A good example of proper communication on uncertainty is to focus on ranges and distributions of the estimates or forecasts and not on single quantities. If this is done frequently enough in different areas of application, the public understanding of the need for acknowledging uncertainty and the reasons for this uncertainty will hopefully be much higher, as was indeed demonstrated during the COVID-19 pandemic.

Migration can often be framed as a communication issue, where politicians and other high-level policy makers may want to position themselves somewhat boldly as being 'in control', rather than seeing migration as a policy issue that countries need to be prepared for and have effective and flexible policy responses. The key problem is that planning and implementing policies takes time. Taking asylum as an example, often when displacement starts, policy responses are created only afterwards, where, instead, migration policies need to generally be more flexible. The operational solutions need to be easily scalable, and that proactive thinking needs to be championed.

Data landscape investment is key to improve uncertainty assessments

In a previous Policy Brief by the QuantMig project (Vono de Vilhena & Bijak, 2021), we present concrete areas to improve the data landscape to better assess migration uncertainty. The main recommendations included strengthening data collection capacity, supporting national statistical offices to improve data quality, as well as improving cooperation on migration data sharing to reduce data fragmentation. This time we also came back to data issues, adding more nuance to the picture.

First, experts agreed that we do need more and better data in addition to improved and consistent international concepts and standards on migration statistics. Definitions still vary substantially among countries and databases, despite the enormous efforts by different actors at national and international levels in the last 20 years. While for some participants this could be tied to there being no real effort to follow established definitions in data collection efforts in

general. For others, challenges arise when migration statistics are a political and social construct, and, as such, definitions would inevitably vary across different contexts. Lastly, we cannot forget the role that costs play in data collection, which have implications for public funding.

However, there are reasons for optimism: colleagues working at international organisations reported a number of ongoing works to improve migration data and its comparability: the UN Recommendations on Statistics on International Migration are currently being revised and are expected to be approved in March 2023 (UN Statistical Commission, 2021). The ILO has prepared the Guidelines Concerning Statistics of International Labour Migration that were adopted in 2018 by the 20th International Conference of Labour Statisticians (ICLS). The ILO periodically issues global and regional estimates on international migrant workers, contributing to promoting evidence-informed policy making. The Expert Group on Refugee and Internally Displaced Persons Statistics have published guidance on refugee and internal displacement statistics and are currently working on guidance for Statelessness statistics. UNHCR will be publishing their statistics quality assurance framework later this year and use this to benchmark the quality of statistics on forced displacement and statelessness. Finally, the OECD is working with regional partners to extend its coverage of standardised statistics by migration category.

In terms of coordination inside governments, there is a need for more coordination between domestic governmental offices – including national statistical offices – to ensure a steady flow of data between governmental offices, as well as data harmonisation. Data that are currently used by analysts often come from operational datasets not designed for statistical purposes, or from external data providers and substantial work needs to be done to properly use this information. More efforts are also necessary to ensure data are more interlinked. For example, it is currently not possible to link asylum application histories, which leads to double-counting individuals within the available data. Finally, from the macroeconomic perspective, participants in our meeting stressed the need for higher frequency time series or at least to have regional panel data to enable panel analysis within the same country.

Uncertainty in economic analyses: where are the gaps?

As mentioned earlier, there are many ways of taking uncertainty into account in economic analyses. Yet, there are

also broad obstacles. Uncertainty is an important dimension that is often missed in a lot of analyses that economists tend to do, particularly in terms of policies and the reaction of individuals to them.

In terms of substantive knowledge gaps, participants in our meeting agreed we need more data and studies on migration intentions and migrant decision-making processes, particularly in terms of overcoming uncertainty in the planning of a 'new' life in the destination country. Other identified gaps included reasons to migrate, migrants in transit, return migration, irregular migration, trafficked and smuggled persons, the skill composition of migration flows and skill mismatch, brain drain/gain, the impact of policy decisions on migrant routes, how different policies affect migration flows, particularly before and after policy changes and the impact of migration on inequality, going beyond labour market inequalities. At the macro level, the changing demand and supply levels of labour, in conjunction with goods and services markets, were acknowledged as topics to be further analysed by economists.

Other discussion threads at the Experts Meeting included the challenge of pursuing simple models to make it easier to communicate results to policy makers. However, in the academic context, there are no incentives in place for that to happen. Journal editors in general do not favour simple models with clear yet convincing narratives. This suggests that there is a need to re-evaluate the incentive models in academic publishing, especially in economics, if the aim is to produce research that is useful for policy and has a socially relevant impact.

Policy Recommendations

1. Migration policies should be evidence-informed and always consider uncertainty. They need to be flexible, the operational solutions need to be easily scalable and proactive thinking needs to be championed.
2. Countries should strengthen efforts to apply internationally established concepts, definitions and methodologies on international migration in their statistics and data collection, use and dissemination efforts.
3. More coordination among data providers inside domestic governmental offices and between countries is needed to ensure a steady flow of data between institutions, facilitating data linkage and data harmonisation.
4. Incentive models in academic publishing need to be re-evaluated, especially in economics, if the aim is to

produce research that is useful for policy and is socially relevant. ■

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Contact: Population Europe Secretariat, Markgrafenstraße 37, 10117 Berlin, Germany

Phone: +49 (0)30 2061 383 30

Email: office@population-europe.eu

Web: www.population-europe.eu

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