

Stark, Oded

**Book Review — Digitized Version**

Migration decision making: De Jong, Gordon F. and Robert W. Gardner, eds., (Pergamon, New York, 1981)

Journal of Development Economics

*Suggested Citation:* Stark, Oded (1984) : Migration decision making: De Jong, Gordon F. and Robert W. Gardner, eds., (Pergamon, New York, 1981), Journal of Development Economics, ISSN 0304-3878, Amsterdam, Vol. 14, Iss. 1, pp. 251-259, [https://doi.org/10.1016/0304-3878\(84\)90053-1](https://doi.org/10.1016/0304-3878(84)90053-1)

This Version is available at:

<https://hdl.handle.net/10419/243209>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

## Book Reviews

DeJong, Gordon F. and Robert W. Gardner, eds., *Migration Decision Making* (Pergamon, New York, 1981).

Whereas individuals are technically responsible for many basic demographic phenomena, they are often not decisionally accountable for them. Institutions — ranging from family to state — may, to various degrees, be the effective decision unit. One intriguing yet largely neglected topic of demographic research is the identification of conditions under which such institutions assume a larger or a smaller decision-making role in this respect. Why is it that specific institutions play a decisive decisional role in some demographic phenomena, and none in others? What accounts for the variance across societies, along time? Is the role of institutions in determining demographic behaviour inversely related to the degree of market perfection? What type of change and under what conditions will a given change (in institutions, markets, technologies, tastes) shift the existing decisional balance between the various units towards a new equilibrium, or initially away from but thereafter back towards the status quo ante? Beyond natural intellectual curiosity, these issues are of importance in that they have a direct bearing on policy. Attempts to modify demographic behaviour that are manifested through specific policy measures will be hopelessly diluted (and possibly totally futile) unless aimed at specific units. The units observed to generate a given demographic phenomenon may be decisionally associated with that phenomenon only weakly. Therefore, the policy relevance of these questions is immediate and strong.

Migration affords a good illustration of these general issues; and rural-to-urban migration in LDCs is an excellent example. Let me make a simple, yet remarkably telling observation. In spite of enormous diversity of conditions, cultures, rules of conduct, and economic backgrounds, the modal unit of rural-to-urban migration across the LDCs is a young, single individual — a member of a family but *not* a family. I suspect that the explanation is that this is a most *efficient* form of rural-to-urban migration (a most efficient allocation of productive resources), but I do not think that we stand to gain much insight by stating this.

We also observe another fact: in spite of the same diversity and the rise and fall of institutions and associations of all kinds, the family unit is the most stable and predominant institutional arrangement for pursuing life. Again, the survival and supremacy of this unit, and the failure of an effective alternative to evolve, must be due to efficiency considerations.

To the best of my knowledge, the *connection* between these two facts, i.e.,

that it is efficient for *families* to engage in the type of migration mentioned above, let alone its explanation has so far escaped critical analysis and study. Yet it is my belief that the family role in non-family migration is much more important than commonly understood. (Note the existence and intensity of interactions between a migrant in the urban sector and his family staying behind in the rural sector.) Thus, a fundamental shift of focus from individual independence to mutual interdependence is called for. Rather than looking at a situation whereby the outcome of migration depends on the behaviour of the migrant decision-maker — the domain of traditional individual migration decision theory — I propose to concentrate on analyzing a situation in which the outcome of migration depends, at least in part, on mutually interdependent reciprocal expectations by the parties concerned (these are not necessarily individuals). For example, Todaro's (1969) model deals with the rational behaviour of an individual migrant whereby in *expected* terms, the outcome of his migration is fully predictable. The proposed approach deals with the rational behaviour of a family member and that of the rest of his family, whereby the outcome of migration by the former is decided by (explicit or implicit) bargaining between himself and the latter.

Evaluation of the rural opportunity costs as a dominant element in reaching the migration decision is thus replaced by consideration of threats and concessions, i.e., how much to concede to the other party, how risky (in terms of each party's own interests) will it be not to do so. Hence, the essence of the proposed approach is a game that family members play against each other whilst each player's behaviour is guided by a desire to promote his own interests in the best possible manner. The essence of the game itself is what determines the relative influence that each player's given interests (utility function) will have on the final outcome.

More concretely, I suggest adopting a cooperative-game conceptual framework, to model the family excluding the migrant and the migrant himself as 'bound together' in a cooperative game. By taking a joint decision as to what course of action each rational party (player) will adopt, they secure a mutually advantageous, stable coordination. This produces an outcome — an agreement pay-off — that, from the point of view of any one of the players, cannot be bettered by 'going his own way' which would have resulted in him receiving the disagreement payoff associated with his conflict strategy. Put differently, cooperation is payoff dominant because it yields a higher payoff to each party.

In order to gain fresh insights into the migration decision process it is thus necessary to model *the family* unit (the intrafamily interactions), not the individual. I therefore found it eyebrow-raising to read, in the very opening paragraphs of DeJong and Gardner's *Migration Decision Making* (Preface), that 'to understand migration choice behaviour it is *necessary* to adopt the

*perspective of the individual* in the household' or that '*it is the individual* within a family context who makes the decision to move or stay' (italics added). Nor does the emphasis on the individual throughout much of the rest of the book serve to whet one's appetite. ['All the chapters of this volume are concerned with the study of the migration process from the microlevel perspective of the individual' (p. 225).] Furthermore, all too often (e.g., in the chapters entitled 'Microeconomic Approaches to Studying Migration Decisions' and 'Information, Uncertainty and the Microeconomic Model of Migration Decision Making') reference is made to households or families as if they were individuals, i.e., completely monolithic entities. Finally, the only chapter in *Migration Decision Making* formally devoted to the family — 'Family Structure and Family Strategy in Migration Decision Making' — takes it, at the very beginning of the analysis that '*the individual* makes the migration decision' (p. 229) (italics added).

Taking the family as the rural-to-urban migration decision-making unit in LDCs (it is with these countries that the bulk of *Migration Decision Making* is concerned) makes it possible to open up rich new research grounds. Consider, for example, the issue of risk. During the last decade or so, the ruling economic explanation for rural-to-urban migration in LDCs taking place has been the response to the intersectoral expected incomes differential. The expected income hypothesis is void of any explicit decisional risk content whereas it is reasonable to assume that both risk and return count with migration decision-taking entities. It is possible to demonstrate analytically — as in Stark and Levhari (1982) — that an optimizing, risk-averse small farmer *family* confronted with a subjectively risk-increasing situation and imperfect rural financial and insurance markets manages to control the risk through diversification of its incomes portfolio via the placing of its best-suited member in the statistically independent from agricultural production urban sector. *Familial aversion to risk* can thus be shown to constitute an important cause of rural-to-urban migration. Only two contributors to *Migration Decision Making*, in the course of surveying the literature, systematically address the issue of risk. In 'Microeconomic Approaches to Studying Migration Decisions' it is pointed out that 'people should be more likely to move the less averse they are to risk' and that 'migration is a risky investment in human capital'. In 'Information, Uncertainty and the Microeconomic Model of Migration Decision Making' we read that 'because less uncertainty is attached to remaining in the current location than to moving to potential destinations, moves are inhibited'; that 'only those with risk-taking ability detach themselves from the origin' and that maximization of expected utility rather than expected income *reduces* the propensity to migrate. Clearly these statements are in sharp contrast with the preceding argument and may illustrate the difficulties one is liable to encounter when confining the search for the explanatory variables to

observables (migration by individuals) rather than to accountables (the family units).

The focus on the family also enables us to tie together migration decisions with other demographic phenomena such as fertility decisions. I would have expected a linkage such as this one to be of major interest and concern to both demographers and economists, but in *Migration Decision Making* no one seems to have explored it. In LDCs children as migrants can be seen to act as catalysts in transforming agricultural production. Being assigned the unique role of financial intermediaries in an environment characterized by absent or incomplete credit and insurance markets, they facilitate such a transformation via their dual role in the accumulation of investment capital and in controlling the level of risk. Children thus become a valuable asset geared towards a specific and critical usage. The need to insure against the loss of this asset calls upon familial 'arrangements' to substitute for the purchase of insurance in the market place. Enhancement of the value of children as catalysts of a shift in production technology entailing specialization (development of special skills, acquisition of specific forms of human capital) and division of utility-generating tasks reduces, in turn, the possibilities of cross-substitution among children and further increases the need to insure against the risk of a given specializing child, earmarked as an urban migrant, failing to provide the prospective utility. The need for extra children as a risk-mitigating device may thus be strong and the total asset demand for children increases even further.

Bearing and rearing children is thus seen as a second-best optimum, i.e., it is optimal with respect to the credit and insurance constraints that lead to specific children 'being destined to assume the critical role of rural-to-urban migrants and others — the role of hedging against the risk of a failure in this respect.

Thus, in looking at the family (rather than at the individual) migration decisions and fertility decisions are seen to be taken *jointly*, constituting components of a single strategy.

The *joint* nature of migration and *other* decisions is painfully missing in the very chapter of *Migration Decision Making* where its inclusion would appear to be most appropriate. At the heart of 'Microeconomic Approaches to Studying Migration Decisions' lies the human capital model. A (welcome) attempt is made (Section V) to depart from the survey-type nature of most other chapters and produce new propositions. We thus read that location-specific capital ('both concrete and intangible assets whose value would be lost or would steadily diminish if the person moved somewhere else'), e.g., job seniority, an existing clientele, knowledge of the area, community ties, etc., plays a dominant role in explaining return migration. 'The more location-specific capital that is left behind, the greater should be the propensity to return.' (See also the chapter entitled 'Motivations for Migration: An

Assessment and a Value-Expectancy Research Model'.) These propositions, as they stand, do not constitute sound migration or economic theory. Location-specific capital (like a non-transferable skill) is neither a parameter nor an endowment falling from heaven. The level of location-specific capital depends on the investment decision in that form of capital. This investment decision, in turn, depends on the planned spatial allocation and utilization of complementary inputs, in particular labour, i.e., on migration decisions. A correct proposition would thus refer to the *cross return* to the *joint* decision of investing in location-specific capital and pursuing (or not pursuing) migration as the appropriate explanatory variable; in LDCs, acquisition by children of small farmers, in the rural areas, of 'urban oriented' education and skills (that is, education and skills that enhance employability and returns to employment in the *urban* sector) precede planned rural-to-urban migration by these children. This is a simple yet powerful illustration of such a joint decision. (Likewise, the level of location-specific capital in the source area or the rate at which a given stock is allowed to depreciate will be *determined*, among other things, *by* the likelihood of the return migration to that area.)

The anticipation that the study of social units will greatly advance our understanding of the decision-making processes resulting in migration by individuals does not imply that, at least on the theoretical level, we should expect to find all the answers by exploring the family. Nor, at the same time, should the foregoing criticisms be construed as axiomatically asserting that individuals are totally unaccountable for their migratory behaviour. Perhaps the largest research payoff would come from, and the widest approval would be given to, the study of the individual within the context of a broader, well-defined social unit or reference group such as the family or the village. Take the latter: a whole chapter in *Migration Decision Making* deals with the village community, documenting various situations and systems whereby the particular village environment conditions or socially controls migratory behaviour. The chapter 'Village Community Ties, Village Norms and Ethnic and Social Networks: A Review of Evidence from the Third World' is quite strong on evidence, less so on modeling. A concrete illustration of how such an endeavor might be pursued is provided by the relative deprivation approach in Stark (1984). The simple basic premises of the relative deprivation theory of migration are as follows: (a) given a person's own (current) income, his satisfaction or deprivation is some function of income statistics other than this income, e.g., a statistic based on the incomes of some (not necessarily all) other persons, and (b) that rural-to-urban migration is undertaken in order to improve a person's position in terms of the *latter statistic*. Premise (a) builds upon the notion that people are engaged in interpersonal income comparisons which are internalized, thus generating psychic costs or benefits, frustrations or elations, relative

deprivation or satisfaction. Viewing migration as an act of choice, premise (b) builds upon the notion that these factors motivate locational decisions. In the modeling effort based upon these premises, the village is taken as the reference group — at least for a while. Relative deprivation is defined as a function of a person's 'income position' in the village and is quantified. Various migration-theory and social-welfare implications are derived and a new testable hypothesis as well as the associated data requirements are identified: generate data bearing on relative deprivation, e.g., the distribution of income by size at the village of origin, and on relative deprivation shirking in association with migration.

To this reader, a most disturbing feature of *Migration Decision Making* is that it leans too heavily towards constituting yet another review of existing works. Moreover, and this I find particularly annoying, on numerous occasions reviewers review other reviews! The danger here is (a) similar to that inherited in utilization of secondary data sources (absolute implicit reliance on others doing their homework properly); (b) that, as in the case of forecasting, minor transgressions are blown up into major blunders; (c) that the field will be choked-off through the perpetual stating of conventional notions and repetitive strands of thought. Moreover, the noted tendency is definitely deleterious to the very purpose of the book — 'extension of the theoretical knowledge base of migration decision-making behaviour' (p. 1). In their attempt to do justice to as many studies as possible bearing on their reference topic (often at the cost of exhausting their readers' stamina and tending to forget that numerous citations need not yield deep insights) contributors find little time, and are possibly left with only limited resilience to inject innovative analytical content, to come forward with what the field is really crying for: fresh and novel insights into the decision-making process leading to migration. It appears that authors find undertaking a review a sufficient and legitimizing device to sustain recommendations of 'what should be done' yet research efforts amounting to transformation of such recommendations into concrete action are often not in evidence. We are told, for example, that 'Models of migration in the Third World settings should take explicit account of the pull of the [urban] informal sector' (p. 162) but we are not exposed to an attempt to develop such a model nor are we provided with even bare guidelines how to go about pursuing such an undertaking. It is worth expanding this point a bit. To render my criticism constructive, let me hint, once again, at a concrete modeling illustration.

A fairly straightforward procedure can be invoked to formally incorporate the informal sector into a standard expected-income Todaro-type migration model. Assume a one-period planning horizon. Denote remunerations from employment in the urban formal sector, the rural sector, and unemployment by  $W$ ,  $W'$ ,  $MPL$  and  $O$ , respectively. Individual families view  $W$ ,  $W'$  as parameters — they are determined exogenously;  $W$  — institutionally by



minimum wage legislation, customs and traditions, collective bargaining by powerful unions, etc.;  $W'$  — through a proportional or other monotonic functional link to  $W$  or through linkage with urban subsistence conditions.

Employment prospects in the two urban sectors are given by  $0 < P < 1$ ,  $0 < P' < 1$  (for specification see below). Assuming a linear utility function with income being the only argument, zero intersectoral transfer costs, perfect information, certainty of rural remuneration, and that failure to secure employment in one urban sector does not, *as such*, lower the probability of success in securing employment in the other, the migrate-versus-stay-behind indifference condition for any rural family considering sending a member townwards is

$$MPL = PW + P'W'. \quad (1)$$

The join-the-formal-sector versus join-the-informal-sector indifference condition for migrants, once in the urban sector, is

$$PW = P'W'. \quad (2)$$

These two labour-market equilibrium conditions determine the intersectoral allocation of labour and the intra-urban allocation of rural migrant labourers between formal and informal employment. In Stark (1982) I have explored the consequences of explicitly defining  $P$  and  $P'$  and of formulating the connection between them. Some of the more interesting results are that the role of the informal sector in urban population growth cannot be predetermined analytically (in some situations, creation of extra formal-sector jobs may not induce rural-to-urban migration at all if an expanding formal sector delivers a contractual body-blow to informal-sector employment) and that choice of a given sector may cease to be an end in itself if it enhances (or is believed to enhance) future employment prospects in another sector. Sectoral choice may be partly based on the consideration that it facilitates a more efficient job-search or that it enables one to prolong the search process. (Put differently, even if employment probabilities do not change as a result of choosing a particular sector, search costs may decrease; search technologies are not sector-independent. The interesting extension of standard one-move job-search models is that on-the-job search also takes place; search does not stop once a job is found and accepted, i.e., stopping wage  $\neq$  accepting wage.)

The modeling undertaken in this context serves to illustrate (a) not only how we can go a bit beyond merely stating that 'models of migration should take into account the pull of the urban informal sector' but also (b) the need to avoid making not too meaningful *general* statements such as 'opportunities in the informal sector constitute a significant pull for the

migrant, one at least as strong as, and in many instances greater than, the pull of the formal sector' (p. 161); as eq. (2) suggests it will always be optimal for *some* rural-to-urban migrants to join the formal sector and for some others to join the informal one. Even if pay and occupational mobility tend to rank the informal sector higher, a revealed-by-flocking preference will reduce  $P'$  to such an extent that, for the marginal migrant using *expected* income as a ranking device, the formal sector must be more attractive. It is thus generally false to anticipate dominance of one sector.

The duplicative nature of too much of the volume notwithstanding I consider the volume a qualified success as, to use the editors' terminology, a 'review of past literature and models' but far from a success in 'developing new ones' (p.10). As a compilation of reviews *Migration Decision Making* is a fairly useful step in the right direction. Breakthroughs in this direction are yet to come.

### References

- Stark, Oded, 1982, On modeling the informal sector, *World Development* 10, May, 413-416.  
Stark, Oded, 1984, Rural-to-urban migration in LDCs: A relative deprivation approach, *Economic Development and Cultural Change* 32.  
Stark, Oded and David Levhari, 1982, On migration and risk in LDCs, *Economic Development and Cultural Change* 30, Oct., 191-196.  
Todaro, Michael P., 1969, A model of labour migration and urban unemployment in less developed countries, *American Economic Review* 59, March, 138-148.

Oded Stark  
Harvard University  
and  
Bar-Ilan University