

**Holger Kolb – Henrik Egbert (eds.):**  
*Migrants and Markets. Perspectives from Economics and the Other Social Sciences*  
 Amsterdam 2008: Amsterdam University Press, 243 pp.

Migration research is almost exclusively conducted in the fields of sociology, anthropology, history, and geography. Although economic matters are often the focus of migration studies, economics has tended not to be interested in the subject. From an economist's point of view, the phenomenon of migration appeared to be for starry-eyed researchers, since the topics researched often remained normative or philanthropic. The editors of *Migrants and Markets* have a different point of view. Kolb and Egbert, drawing on Nobel Prizewinning economist Gary Becker and his disciples, who extended economic research beyond the economic, praise the modesty and rigour of the foundation of economics: 'At its core, the economic approach is based on only three assumptions: rationally acting individuals, the importance of equilibrium and stable preferences.' (p. 8) Overall, the science-like analysis and modelling of economics is seen by more and more scholars to be fruitful in the analysis of 'topics that go beyond the classical scope of [economic] issues, which include consumer choice, theory of the firm, (explicit) markets, macroeconomic activity, and the fields spawned directly by these areas', a behaviour called 'economic imperialism' by Lazear [2000: 103]. The editors, however, claim that economics *is* part of the social sciences, a proposition economists themselves often question.

Holger Kolb and Henrik Egbert assembled thirteen researchers from two scientific networks, the economic network INFER (International Network for Economic Research) and the interdisciplinary migration network IMISCOE (EU Marie Curie Network of Excellence in International Migration, Social Cohesion and Integration), who devote themselves to the study of eco-

nomie methods or at least viewpoints on migration research. In doing so, the editors want to plumb the depths of 'the relationship between economics and the other social sciences' (p. 7), which should raise interests from both sides: economists may wonder whether the 'soft' topic of migration can be the subject of their 'hard' (social) science. Social scientists may be curious to find out whether economics can live up to its promise of rigorous analysis. The contributing sociologists, political scientists, geographers, and economists discuss internal and international migration issues ranging from the analysis of migrants' attainments on the labour market to remittances, the national welfare contributions of immigrants, and even club theory. The chapters are mainly grouped according to their methodological approach, while some are also assorted by topic. Readers who would like to read the collection continuously might prefer a fixed order of chapters following one mode or the other.

The volume starts out with a survey of the impact of immigration on the labour market. Christian Lumpe's ambition is to introduce economic theory and terminology to a readership not versed in economic theory. This is done by means of an eclectic overview of important welfare economic models like the Heckscher-Ohlin and the Ricardo-Viner model, and by looking at empirical findings regarding rigid and competitive labour markets. Spectators from the 'other social sciences' might be surprised that economic methodology applied to immigration modelling, even in quite simple cases with no more than three goods and two factors, leads to very diverse and even contradictory results. While one model suggests clearly positive welfare effects and no distributional effects, another suggests negative effects. This holds even more surprisingly also for the empirical evidence. The chapter makes one wonder whether economics really is an efficient way of analysing migration topics, as the editors suggest. Since the author intended

to make economic thinking accessible to social scientists who are unfamiliar with economics, it would have been helpful to include better explanations of the more technical terms and key economic concepts like 'reservation wage' and 'Pareto-optimum'.

Mete Feridun applies the theoretical insights of the previous chapter by empirically testing the impact of immigration on the labour market in Norway. Using the causality test on the time series of Nobel laureate Clive Granger, he shows both the positive welfare effect and the non-existent distributional effect (i.e. no effect on unemployment) of immigration. Unlike Lumpe, Feridun claims that his findings are in line with most studies on immigration. Although the results of his tests are clear-cut, the derivation of the hypotheses – 1) immigrants and native workers are perfect substitutes, 2) immigration leads to unemployment – is not, as they are not based on the theory outlined in his article. As the econometric part is very insightful and conclusive it makes one wonder why the policy implications in the conclusion are quite unrelated to his study.

Another econometric study is presented by Gustavo Javier Canavire Bacarreza and Laura Ruud about the impact of migration on foreign trade in Bolivia. Using gravity models they empirically show the positive effects of migration on exports. Although this is consistent with findings from other studies, the authors claim that theirs is the first such study done on developing countries. They not only find a way of addressing the problem of missing data that is found in most developing countries, but also give policy recommendations based on their insights. Remarkable is the econometric study by Metodij Hadzi-Vaskov, who approaches migration from the perspective of financial economics. He reviews migrants' remittances in the field of international risk-sharing with a thorough international panel analysis of 139 coun-

tries. Hadzi-Vaskov manages to show how countries with high remittance inflows enjoy a higher level of international risk-sharing. The effect is especially significant for transition countries.

The chapter by Irena Kogan and Yinon Cohen on Jewish immigrants from the former Soviet Union to Israel and Germany represents an exceptional case. The authors had the chance to study migration almost as a lab experiment, because the latter countries allowed Jews from the former countries to immigrate within a relatively short time span. The authors used this opportunity to compare micro-census data for Germany and the Labour Force Survey (LFS) for Israel, and additionally to run a logit/probit analysis to find out about educational selectivity and the structural and institutional labour market attainments of immigrants. Their findings correspond with their theoretically derived hypotheses that both phenomena depend on the rigidity of labour markets and the welfare provisions in both countries. If one might be so bold as to make a critical remark, it would be about the empirical rigour of using 300 micro-census datasets compared to the 10 000 datasets of the LFS.

The sociologist Michael Windzio uses economic methodology outside core economic issues and applies it to unemployed workers' geographic mobility from East to West Germany. Using multi-level event history analysis, he manages to show that the mobility of jobless people is mainly influenced by the geographic distance to promising local labour markets and by unemployment compensation. The latter can be seen as an indicator that geographic mobility can be influenced by state institutions. Whether this is a desired option is a question left open by the author, as it could have the consequence of depopulating areas with no or few job opportunities. Interestingly, the gender effect in his study proves to be contrary to that observed in most studies. Usually, studies conclude that East

German women leave more often than men, which is replicated in figures on the gender balance in East Germany [e.g. Kubis 2007].

Immigration into a health system is studied by two authors, but from different angles. While Simon Fellmer compares the wage differentials of Polish and German medical doctors and uses a politico-economic analysis to study Germany's attitude towards immigration into its health system, the political scientist Kirsten Hoesch follows a structural and institutional analysis beyond wage differentials and push-and-pull-factors (p. 169) to compare immigration into the German and British health systems. Fellmer concludes that wage differentials, although inhibited by certain factors, are an incentive for employed medical doctors to migrate from Poland to Germany. However, the new German law on immigration allows only self-employed doctors to immigrate. This condition is very rarely met by Polish doctors, as most cannot raise the money needed to invest into a practice of their own. Hoesch's detailed comparative study uncovers the institutional impediments in the German system that hinder (not yet urgently) needed immigration.

The political scientist Holger Kolb pushes the economic analysis farthest, making a unique application of club theory to what the question of immigration signifies for nation states. Kolb extends the ideas of the economist Thomas Straubhaar on club states by incorporating ideas from home economics about the reproduction of families (Gary Becker). Given that clubs aim for optimal inclusion and exclusion, members by birth (i.e. national citizens) and members by acquisition (i.e. immigrants) have to be considered separately by drawing on family policy for the former and immigration policy for the latter. As it is almost im-

possible for democratic nation states to exclude citizens, how open or restrictive family policies are is particularly significant for producing 'high quality members by birth' through different means. Some readers may be irritated by the quite economic language used in the study (e.g. children are referred to as 'basic commodities'). One can agree with Kolb that club theory does indeed offer idealised suggestions to solve the basic questions nation states face regarding immigration. The study would have been complete if an analysis of the education policy for birth and acquisition members had also been included.

Overall, the book provides an interesting array of economically informed studies on diverse migration topics. However, readers will notice that the quality of some chapters is better than that of others. This volume would have benefited from a summary chapter on how economics relates to the other social sciences. After reading the book, some economists might end up convinced that migration is a relevant and fruitful topic for research in their discipline. Whether sociologists, geographers, or anthropologists can be persuaded that the examples of economic methodology are adequately rigorous remains a question.

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#### References

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