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Governance of Immigration in Increasingly Divided Societies: Empirical Evidence and Policy Proposals

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Abstract

The present paper deals with the issue of the governance of migratory phenomena and the desertification processes of whole regions or macro areas. In particular, it studies the effects of immigration on income inequality, attempting to demonstrate, (through a critical review of the most recent research on the relationship between migration and inequality and an empirical investigation related to the effects of new internal migration in the Italian case), how out-migration can increase income inequalities, thus hindering economic growth and exacerbating regional disparities, while immigration can reduce income inequalities and mitigate economic imbalances, according to the hypothesis of *skilled immigration equalising*, formulated in 2008 by Kahanec and Zimmermann.

From the analysis of the Italian case, some useful suggestions emerge to help policy makers and lawgivers manage internal migratory phenomena and counteract the human and industrial desertification of whole regions or macro areas.

J.E.L. Classification: I24, I25, J15, J18.

Keywords: Income Inequality, Labour Migration, Migration, Skilled Immigration, Immigration Economics, Demographic Economics, Public Policy, Redistribution through Immigration.

Introduction

European countries are facing a decisive moment in which they are entering a new era of extraordinary and unexpected changes. The severity of the economic crisis, combined with the humanitarian emergency situation caused by the abnormal wave of refugees, have put the governments of the EU countries in front of a set of challenges requiring a courageous, coordinated and unified response. These factors have also contributed in focusing public attention on two important issues progressively becoming more urgent and dramatic: the growth in income inequalities, which hurts the economy and human development, and the financial implications of migration.

The latter phenomenon, in particular, has lately recorded an increase in its size because of the recurrent environmental disasters, determined by global warming and desertification, and the increasing political instability that threatens governments and populations of certain countries in the Middle East and Africa. In this way, the immigration emergency has again become a highly topical issue, especially with the intensification of the landings from the aforementioned countries (mainly Nigeria, Mali, Gambia, Senegal, Somalia, Syria and Eritrea, according to the UNHCR[1] data on the nationality of asylum seekers in Italy in the last two years) and with a growing concern in public opinion, for the effects immigration has on employment, public finance, and public order.

In the principal destination countries – Germany, France, and Italy occupying a prominent position in the preferences of immigrants – there is a vibrant debate about which methods may be most appropriate to strengthen social cohesion, to block the path of social marginalisation and progressive impoverishment, and lastly to assess the financial implications of immigration, namely the impact the inclusion of non-natives in the welfare system may have on a government's budget.

At the same time, the source countries have started a comprehensive assessment of the fiscal effects of emigration (for example, the loss of tax revenues deriving from the taxes which those who emigrate would have to pay), and in particular, the phenomenon of brain drain, which is the escape of highly skilled workers from these countries.

The impact of the phenomenon has frequently been debated and has led the member countries of the European Union (EU), through its executive organ (the Commission), to approve a European Agenda on Migration. It identifies the measures provided for immediate response to the humanitarian crisis underway in the Mediterranean Sea and the initiatives to be launched in the coming years to better manage the phenomenon of migration in every aspect. The political debate has focused, however, primarily on the allocation of responsibilities among the member countries of the Union, rather than on the issue of its possible economic and social impact, particularly in those countries that, like Italy, are characterised by high unemployment rates, persistent regional disparities in economic development and weak economic growth.

This paper aims to fill this gap, at least partially, by addressing the issue of economic impact of international and internal immigration on income inequalities, attempting to demonstrate, through a critical review of the most recent theoretical models and empirical research on this issue, how out-migration can increase income inequalities, thus hindering economic growth and exacerbating regional disparities, while immigration can reduce income inequalities and mitigate economic imbalances, according to the hypothesis of *skilled immigration equalising*, formulated recently by Kahanec and Zimmermann (2009, 2014).

Secondly, this paper aims to clarify the reasons why immigration, if properly managed, could be viewed as a resource rather than a problem, and used as an efficient tool of income redistribution, as suggested by Piketty in his latest book (Piketty, 2013)[2].

[1] The Office of the United Nations High Commissioner for Refugees (UNHCR), also known as the UN Refugee Agency, is a United Nations agency mandated to protect and support refugees at the request of a government or the UN itself and assists in their voluntary repatriation, local integration or resettlement to a third country.

[2] CESAREO (2015, pp. 89-103) emphasizes, in fact, as in the past migrants were a key resource for the development of some countries. COSTABILE and GAMBARDELLA (2010, 2015) explain, in addition, that it may also be regarded as a precious ingredient of the "ability to recover" (and therefore a factor of "resilience") of a country.

The paper is organised as follows. Section 2 reviews the empirical literature on the relationship between migration and income inequality. Section 3 shows how immigration can have an equalizing power and work as an effective tool of redistribution. In particular, Section 3.1 briefly analyses the economic literature on the redistributive impact of international immigration. Section 3.2 illustrates the theoretical and empirical models on the possible interactions between economic inequality, the quality of the labour force and international migration. Section 3.3 presents some empirical evidence, referred to in the Italian case, on the effects of internal migration on regional disparities and income inequality. Section 4 concludes and provides some policy suggestions to help policy makers and lawgivers in the management of (internal and international) migration, using national welfare models and tax systems to create and improve social cohesion and to reduce inequality.

The effects of migration on inequality

With regard to the consequences of immigration, economic literature has shown that it allows a more efficient allocation of resources and, in this way, an improvement in social welfare. This improvement, however, has often been considered insignificant or, otherwise, of very small scale. For this reason, the economic debate has focused on issues which concern principally the redistributive impact of immigration, rather than its allocative efficiency.

A significant part of the literature has concentrated on the relationship between the mobility of the production factor labour and the inequalities in the income and wealth distribution. In fact, it is generally accepted that the migratory phenomenon is closely connected to the issues of inequality, considered in its widest meaning. Consequently, a remarkable amount of studies haves examined these kinds of effects, focusing their attention on several types of migration and inequality[3].

Some of these studies have mainly analyzed the impact of out-migration from rural areas of poor or developing countries on various measures of inequality and concluded[4] that rural-urban migration often works as a "rebalancing force which equalizes the expected wages of urban and rural areas." This would occur, according to the famous model of Harris and Todaro (1970), because the expected income gap between urban and rural areas is one of the reasons (determinants) the decision to migrate is made. Subsequent studies (Lipton, 1980) have shown, in fact, that income inequality is a leading cause of rural-urban migration and that it is in turn influenced by migration flows toward the cities (*townward emigration*), as well as by their "after-effects" (remittances and so-called "return migration"). Regarding this issue, Lipton's analysis relating primarily, but not exclusively, to the urban and rural areas of India is

[3] A collection of case studies on the particular kinds of relationships which can be found between migratory phenomena and inequalities is contained in the World Development Report written by BLACK - NATALI - SKINNER (2005).
[4] See, for example, TODARO (1968, 1969, 1971), HARRIS - TODARO (1970) and JOHNSON (1971).

particularly enlightening. It shows that these phenomena can result in an increase in inequality among individuals and families within and among villages.

After that, additional studies have in many cases confirmed Lipton's theories, but many others have also led to different conclusions[5]. One of the reasons for these differences is due to the diversity in the research methodologies adopted (the specific economic issue which has been proposed, the statistical and econometric techniques utilised for estimating the income and the income distributions and so on). For example, if the remittances are considered as an exogenous variable, which is not affected by a retro-effect due to economic growth (which should be considered as determined by and, at the same time, a determinant of the remittances), the economic issue that we should consider is how they, totally or marginally, affect the income distribution observed in the source community of the migratory flow. However, if the remittances are considered as an endogenous variable and as a potential replacement of the household incomes in the source country, the economic issue that would arise would be based on the comparison between the observed distribution of income and the one that would be obtained if migration did not occur. A study on Nicaragua (Barham and Boucher, 1995), using both methods, suggests that, when the remittances are considered exogenous, they reduce income inequalities, whereas they contribute to the increase of income inequalities if they are regarded as an endogenous variable[6].

Similarly, the numerous studies on the relationship between migration and income inequality in the destination countries have produced conflicting results. For example, Borjas, Freeman and Katz (1992) have shown that the growth of unskilled migration may exacerbate the income gap between more educated native workers and those less educated (workers not qualified who have left school prematurely). However, subsequent research has revealed, that this kind of analysis could be influenced by the features of the data set utilised (Borjas, 1994). Moreover, the impact of immigration on the income distribution in the country of destination could depend on the assumptions made by the researcher about the socio-economic characteristics of immigrants (age, education, experience, etc.), the structure of the production system and the public policies adopted in the field of immigration and welfare (Chiswick, 1983, 1992 and 1998; Chiswick, Chiswick and Karras, 1992; Davies and Wooton, 1992).

Therefore, it is not inconceivable that immigration has a negligible or no impact on income inequality (Enchautegui, 1993; Card, 2009) or that it generates an equalizing effect, namely a smoothing gaps effect, especially when the levels of education and professional experience of immigrants are very high[7]. For example, recent studies (Docquier, Özden, and Peri, 2010) show, that immigration in Europe during 1990 to 2000 had a positive effect on the average wage of native workers, while the extent of wage

[5] Cf., among others, STARK - TAYLOR - YITZHAKI (1986) and TAYLOR (1992), regarding this issue.
[6] For a more extensive analysis of the debate on remittances' social and economic impact, see DE HAAS (2005, 2007), HERNANDEZ - COUTIN (2006), OECD (2006) and RATHA (2013).
[7] See KAHANEC - ZIMMERMANN (2014). This article expands on and complements what is contained in an earlier chapter appeared in the Oxford Handbook on Economic Inequality (KAHANEC - ZIMMERMANN, 2009).

losses determined by emigration was approximately equal to or greater than the gains generated by immigration. This phenomenon would have to convince all European governments to debate the causes and the effects of their significant emigration rates more seriously, especially those of their highly skilled professionals.

The immigration as a tool of redistribution

The studies mentioned in the previous section clearly show that migration flows, as alleged by Galbraith (1979), can work as an effective instrument of redistribution and could continue to play this role in the future. A conscious, and even strategic, management of these flows is possible and desirable (Castles, 2007). Especially, when observing society's current problems "through the prism of the 'government of life,' with a particular focus on the population as one of the foremost sites within which efforts to regulate, administer and optimize life continue to unfold today" (Villadsen, Wahlberg, 2015). We argue, however, that migration in itself would not resolve the issue of inequality. At most, it would shift this forward. According to Piketty (2013), redistribution through immigration does not exempt a government from creating a basic set of rules and institutions aimed at stimulating coordination and collaboration at international, national and local levels. Changing the present management systems of migration (to take into consideration the interests of migrants and their source countries and areas) and correcting their redistributive effects remains a priority (trying to extend to all the economic benefits and costs of migration). The need for additional in-depth research on the effects migration has on income inequalities, and social mobility has become evident, especially in the long run[8]. At the same time, the findings of some recent studies on the economic consequences of international and internal immigration deserve particular attention.

The redistributive impact of international immigration

Most research on the redistributive impact of international immigration for industrialised countries has found no effect on earnings, on average, and only modest effects on earnings differentials between more and less educated immigrant and native workers.

Borjas et al. (1992), for example, found that immigration, along with trade, only modestly affects earnings inequality and attributed the growth in income inequality to the acceleration of skills-biased technological change (SBTC) and other institutional changes in the labour market. In particular, they noted that the effects of immigration and trade flows on relative skill supplies have not been substantial enough to account for more than a small proportion of the overall widening of the wage structure over the period from 1980 to 1995. Also, it has played only a modest role in the expansion of the college-high school wage differential in the United States.

[8] A successful attempt in this direction has been made recently by PIKETTY (2013). For an interesting critical review of the proposals put forward by Piketty to reduce income inequality and promote social mobility, see TARGETTI LENTI (2014).

A colloquium of experts held at the Federal Reserve Bank of New York, (reported in the 1997 Economic Report of the President) and (Council of Economic Advisers, 1997), identified the possible explanations for the observed rise in earnings inequality in the USA during the 1980s and early 1990s as a set of factors, including skill-biased technological change (SBTC), trade liberalisation, demographic shifts, declining unionisation, and rising immigration. However, these experts, although admitting that the relative importance of each of these factors was difficult to determine precisely, generally agree as to which could be the main culprits. They attributed almost half of the increased income inequality in the 1980s and 1990s to the SBTC, but only assigned between 5 and 10% of the blame to immigration. They regarded the technological change as the strongest contributor to the rise in earnings inequality.

Lerman (1999) attempted to account for rapid immigrant wage gains in any measurement of immigration-induced inequality. He undertook this by two means. First, he excluded recent immigrants, who have the lowest wages, from the base and end years of his analysis so he could track the wage inequality of the same group of people over time while ignoring additional workers added to the labour market. Second, he included the immigrant wages in their home countries before immigration in his measure of income inequality. Following this research strategy, using the first method of excluding the recent immigrants, he eliminated 20 to 25% of the standard estimates of the growth in wage inequality. Instead, using the second method, he eliminated most of the estimated rise in income inequality.

Card (2009) failed to find a substantially causal relationship between increased immigration and growth in wage inequality. He discovered that the presence of immigrants could explain about 5% of the rise in overall wage inequality between 1980 and 2000 and that immigration's effect on native wage inequality is negligible. This is because immigrants tend to have either very high or very low wages compared to natives or, in other words, they have a naturally higher residual level of income inequality than natives do. Consequently, immigration causes the economy-wide level of wage inequality to increase without changing native wage inequality.

Ottaviano and Peri (2012) tried to calculate the effects of immigration on the wages of native US workers of various skill levels. In the first step of their analysis, they used labour demand functions to estimate the elasticity of substitution across different groups of workers. In the second step, instead, they used the underlying production structure and the estimated elasticities to calculate the total wage effects of immigration in the long run. New to this study is the estimate of the substitutability between natives and immigrants of similar education and experience levels. In the data-preferred model, there is a small, although significant, degree of imperfect substitutability between natives and immigrants which, when combined with the other estimated elasticities, implies that in the period from 1990 to 2006, immigration had only a small effect on the wages of native workers with no high school degree (between 0.6% and + 1.7%). It also had a small positive effect on average native wages (+ 0.6%) and a substantial adverse effect (− 6.7%) on wages of previous immigrants in the long run.

In any case, a very useful overview of these and other studies on this issue was written by Peri in 2014 (Peri, 2014). It summarizes an abundant literature composed of 27 original studies, published between 1982 and 2013, which produced more than 270 baseline estimates of the effects of an increase in the share of immigrants on the wages of natives in the same labour market. In a nutshell, Peri's analysis confirms that most studies for industrialised countries have found, on average, no effect on the wages of native workers (the distribution of the average estimated wage effect for each of the 27 studies ranges from – 0.8 to + 0.8). Also, no significant difference in estimated wage effects among less educated native workers and native workers as a whole were found.

The theorised equalising power of skilled immigration

More recent studies contradict the findings obtained by the literature analysed up to here. They found that immigration has stronger effects on inequality than those hypothesised in other studies based on changes in skill related wage premiums.

Kahanec and Zimmermann (2009, 2014) have analysed both, from a theoretical and empirical point of view, the relationships between economic inequality, the quality of the labour force, and international migration in developed countries receiving inflows of migrants that vary across countries and over time in terms of their skill composition. They have developed a simple theoretical model that links inequality as measured by the Gini coefficient and the share of skilled workers in the labour force. Their theory predicts that inequality is decreasing in labour force quality for advanced economies under standard conditions. This effect is mainly a consequence of the standard economic law of diminishing marginal product of production factors: as the share of skilled workers in the economy increases, its value decreases and thus also the wage differential between high and low skilled labour decreases. In their theoretical model, migration affects inequality in the economy of the receiving country as it changes the composition of the labour force. In particular, inflows of workers with an average skill level above that of the recipient country decrease inequality, and the opposite holds for low-skilled immigration. Kahanec and Zimmermann have also provided empirical evidence on the link above between inequality, labour force quality and migration, and have established some stylised facts about these relationships. Firstly they have investigated the relationship between inequality and labour force quality using data on education, labour force characteristics and other national indicators from the OECD Statistical Compendium 2007, combined with the Gini measures reported in the World Income Inequality Database, compiled by the WIDER Institute at the United Nations University and published in May 2007. As a second step of their analysis strategy, they have studied the overall relationship between the share of immigrants in the labour force and its quality. Therefore, they have studied the relationship investigated using a recursive econometric specification of the following type:

$$G = f_1(S, X) + \mu_G \qquad [1]$$

$$S = f_2(F, Z) + \mu_S \qquad [2]$$

where G stands for inequality measured as the Gini coefficient, S is the share of skilled labour force as in our theoretical model, and F is the share of foreigners in the labour force measuring migration. X and Z are vectors of contextual variables, and μ_G and μ_S are error terms.

In this way, Equation (1) captures the derived trade-off between inequality and educational attainment, while Equation (2) measures the optimal relationship between the share of skilled workers in an economy and the share of foreign labour of total employment resulting from the standard firm optimization principle.

Through the estimation of this model, Kahanec and Zimmermann have thus come to the following conclusions:

1) the relationship between inequality and the quality of the labour force is predominantly negative for about 80% of the observations in the case of post-secondary or higher education and about 60% in case of upper secondary or higher education;
2) the share of foreigners in the labour force and its quality as measured by educational attainment are strongly positively associated;
3) the observed negative relationship between labour force quality and inequality implies that high-skilled immigration is negatively associated with inequality.

In conclusion, the analysis conducted by these two scholars suggests that immigration of skilled workers shows a great potential for reducing inequalities in destination countries of migration flows. This is possible because they have used a different approach to the study of the redistributive effects of immigration. Previous studies, instead, focusing on the wage premiums of different skill groups, have not been able to capture the total impact of immigration on income inequality. To date, therefore, our knowledge about the relationship between immigration and income inequality is limited by the predominant focus on individual-level wage and labour market outcomes, while relatively little is known about the linkage between these two concepts at the aggregate level.

This problem has been addressed only recently by Xu et al. (2015). Furthermore, their study is very interesting for our research, because exploring the possibility that some immigrants may contribute more to higher income inequality than other immigrants. In particular, they have analysed the impact of immigration on income inequality by using pooled cross-sectional time-series data from the United States for years 1996 to 2008, trying to evaluate the different degree of influence on income inequality exerted by three types of immigrants: newly admitted LPRs, low-skilled immigrants, and high-skilled immigrants.

In a nutshell, these scholars have found that the positive relationship between immigration and state income inequality is driven primarily by low-skilled immigrants (rather than high-skilled immigrants). Using different measures of inequality and controlling for a range of federal and state political and socio-economic contextual variables, they have noted that low-skilled immigration has a positive and significant association with the 90/10 and 90/50 income ratios, but not the 50/10 income ratio. This suggests that low-skilled immigrants lead to higher levels of income inequality between those at the upper end of the income distribution, on the one hand, and those with lower and middle incomes, on the other hand. High-skill immigration, instead, lowers income inequality for another segment of the income distribution — most notably, in comparisons between those in the top income decile and those at the median income or below.

Recent studies have shown, also, that the integration of highly qualified migrants into the labour market can be an opportunity for knowledge societies because their prosperity depends on the incorporation and improvement of cultural capital. Nohl et al. (2006, 2014), for example, wishing to contribute to the debate on the reproduction of social inequality in contemporary society, have compared the migrant experience in Germany, Canada, and Turkey and analysed how migrants develop their cultural capital to enter the workforce. They have found that failure to leverage that capital can lead to permanent exclusion from professional positions and, consequently, to a dangerous growing of social inequality.

All these findings cannot be underestimated and must be reconsidered as a whole, especially in light of:

- the latest data on the size of internal migration and current demographic trends, which testify that the Mezzogiorno (the poorest areas of Southern Italy) has now become an area subject "to a high risk of human and industrial desertification" and more and more dependent on the rest of the country (Svimez, 2014, pp. 106-124);
- the most recent economic studies on income inequality, which clearly show how it has a negative and statistically significant impact on medium-term growth (Cingano, 2014; Oecd, 2011, 2014a, 2014b e 2014c; Stiglitz, 2012);
- the policy indications that can be drawn from the most recent empirical evidence on the impact of migration on the labour market, which show how "more mobility within Europe and in particular within the euro area would improve the European-wide labour market, and that means the economy too" (Jauer et al., 2014).

Internal migration and income inequality: the Italian case

According to an opinion widely accepted, no general proposition can be formulated concerning the effect of internal migration on the spatial income inequality. The effect on this depends on the direction taken by the migratory stream, on whether one considers the short or the long run, and on whether the country involved is advanced or underdeveloped. And, even when all of these factors are specified, there are significant cases where the outcome is indeterminate.

As shown in the previous section (Section 2), some of these studies have analysed the impact of emigration from the source rural areas of poor or developing countries on various measures of inequality and concluded that rural-urban migration often works as a "rebalancing force which equalises the expected wages of urban and rural areas." Many others studies, however, have analysed the relationship (mentioned above) between internal migration and spatial income inequality with different conclusions. Research has found, for example, that rural to urban migration disturbs the economic and social equilibrium, causes socio-cultural adaptation problems and increases the per capita income inequality (Özmucur and Silber, 2002, 2008; Özdemir, 2012).

In Italy, few recent studies have investigated this issue in depth. Nevertheless, regarding migration, Italy is certainly an emblematic case (although certainly not a unique example), because, throughout its history, it has been from time to time a country of emigration, internal migration and immigration from abroad. Some of the most important issues which have characterised the economic debate in Italy in recent years – especially since the outset of the economic crisis – have taken into account the trend of unemployment, income inequality and international migration. Little attention has been devoted to the topic of domestic migration. Nevertheless, the study of internal migration can be an important and useful key to understanding many current social and economic phenomena.

Trying to fill this knowledge gap, recent research (Panichella, 2009, 2012, 2013 and 2014; Kaya, 2015; Akarca and Tansel, 2015) have addressed the above-mentioned relevant issue, focusing their attention on the regional impact of internal migration. Following the theories illustrated in the previous pages, we have also attempted to demonstrate, concerning the Italian case, the hypothesis of *skilled immigration equalising* formulated by Kahanec and Zimmermann. In particular, through an econometric analysis of panel data, we have tried to verify whether immigration can have positive redistributive effects on regional income inequality. Our choice to use single-country data at a regional level, to determine the direction of the effect of immigration on income inequality, is dictated by the analysis strategy adopted. The aim of our analysis is, in fact, to find a way to demonstrate the relationship between immigration and income inequality, which is not affected by the flaw invalidating the majority of the studies done so far on this theme. The results depend very often on the estimation methods and the quality of the data used, on the examined sample coverage, but especially on the differences in economic, social and institutional characteristics of countries.

We have intended to analyse the relationship between the abovementioned variables at the pre-crisis time and the changes it has suffered in the post-crisis period.

Therefore, the choice of the period on which their research is focused (2004-2012) is not random.

We have estimated two econometric models for panel data[9]: the first is a fixed effect model, as it takes into consideration the error term as correlated to the regressors (equation 3); the second, instead, is a random effect model, as it assumes that the former element is not correlated to the second ones (equation 4).

$$Gini_{i,t} = \alpha_i + \beta Un_{i,t-1} + \delta NMR_{i.t-1} + \varphi G_{t-1} + u_{i,t} \quad [3]$$

$$Gini_{i,t} = \alpha + \beta Un_{i,t-1} + \delta NMR_{i.t-1} + \varphi G_{t-1} + u_{i,t} + \varepsilon_i \quad [4]$$

Where the *Gini* index, the dependent variable, is used to measure the degree of income inequality existing within individual regions, *Un* is the regional unemployment rate, *G* is the economic growth rate, while *NMR* is the net migration rate, which is calculated as the difference between the number of people entering and leaving a specific region, divided by its population. The sign of the *NMR* can be positive, negative or null, depending upon whether in the region *i* the number of immigrants is, respectively, higher, lower or equal to the number of emigrants. The letters subscripted indicate the region (*i*) and year (*t*) to which the data collected are referred. In both equations there is a lag, as in the study quoted it is assumed that the unemployment rate and the *NMR* at time $t-1$ affect the Gini coefficient at t time[10].

The final results obtained are deserving of interest. They reveal that the relationship between *NMR* and income inequality is negative (cf. Table 1). This means that a positive net migration rate (number of immigrants greater than emigrants) reduces the regional Gini coefficient. The result does not change regardless of the period we consider, pre- (2004-2008) or post-crisis (2007-2012). The above-mentioned relationship is always negative and significant.

[9] The data utilised in the regression analysis presented in the paper were extracted from the database of the Italian Institute of Statistics (ISTAT).

[10] The introduction of a lag for each of the explained variables allows also to overcome the so-called "causality problem," which occurs typically in regression analyses when it is unclear whether X causes Y or Y causes X.

Table 1

Impact of NMR, economic growth and unemployment on regional Gini coefficient

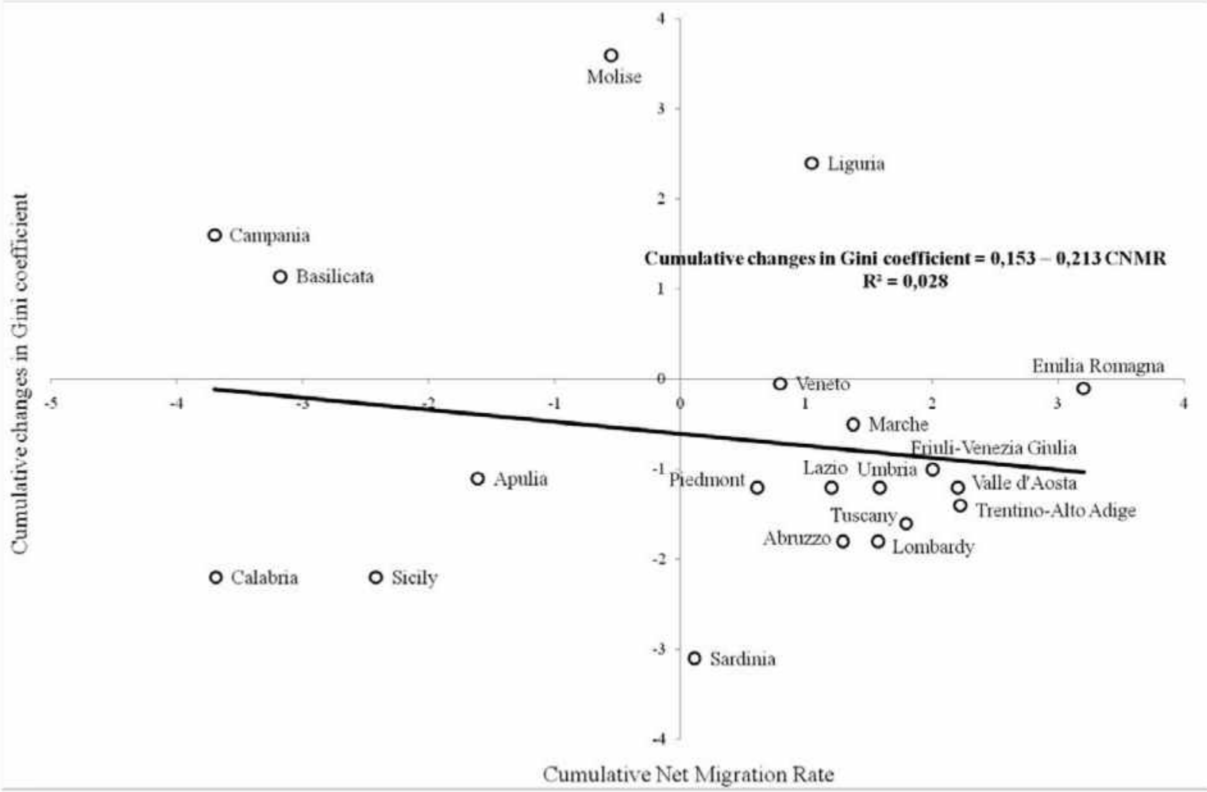
Independent variable	2004-2012	2007-2012
Unemployment	0.370***	0.327***
	(0.039)	(0.048)
Net Migration Rate	-1.538*	-2.522***
	(0.825)	(0.807)
Economic growth rate	0.015	0.004
	(0.024)	(0.024)
Constant	24.502***	24.815***
	(0.309)	(0.370)
R-squared	0.5132	0.4935
Discr/Kraay	Yes	Yes
Observations	160	120

Source: Authors' elaboration on ISTAT data.

The negative relationship between *NMR* and income inequality seems to be systematic for almost all Northern regions, except for Liguria (see Figure 1). For Southern ones, a positive relationship is detected for Basilicata, Campania, and Molise (for this last region the value of the increase in the Gini coefficient is very high), conversely, for Puglia, Calabria, and Sicilia, it is not consistent. It is very likely that for these three regions of Southern Italy, there are other factors which have affected the variation in the Gini coefficient. For example, it is possible that the economic crisis has produced a reduction in the income for both the upper and the middle classes. This situation could be determined by a decrease in the Gini coefficient within a generalised poverty situation.

Figure 1

Changes in Gini coefficient and Cumulative NMR between 2004 and 2012



Source: Authors' elaboration on ISTAT data.

The econometric analysis shows how the new internal migration of the resident population from the South to the Center and the North of Italy has a substantially equalising effect, since it reduces income inequality within destination regions, the richest, and helps to increase the latter in the poorest source regions. This result most likely depends on the characteristics which distinguish this new wave of migration towards Central and Northern Italy[11]. In addition to the changes in the areas of departure and destination flows, the most important factor of discontinuity, typically related to this "new" internal migration, seems to concern the degree of education of immigrants (see Arcomano, 1963, and Panichella, 2014). The models utilised to study the characteristics of internal migrants and their changes over time confirm, in fact, "that Southerners who have decided to emigrate are on average more educated than the ones left in the Mezzogiorno." It seems, in other words, that college graduates and high school graduates have a greater propensity to emigrate compared to those who did not obtain a diploma higher than middle school. Therefore, there has been a process of "positive selection" of emigrants based on their educational level, very similar to that which is generally found

[11] On the history of migration and the immigration policies in Italy, see CASACCHIA - STROZZA (2001).

in contemporary international migration (Chiswick, 1999). This distinctive feature of the new movements of the resident population among the Italian regions was reported by most recent studies of demography and sociology (Cardinale, 2012; Panichella, 2009, 2012, and 2013) and is confirmed by the surveys done by Istat (2014a and 2014b) and Svimez (2014, pp. 106-124). Some studies have shown, however, that skilled emigration is not a novel character of the new migration, but a structural character which has qualified the whole history of migration from the South to the Center and the North of Italy[12]. These studies contain extensive empirical evidence which proves how the propensity of the most educated individuals to emigrate is always the same, while the propensity of the less educated individuals and the less economically endowed to emigrate has changed. The alleged discontinuity with the past is connected, rather, to another aspect typically related to these new migrations. Currently, there are not enough data to prove it, but probably the average level of education of the Southerners emigrating to the Center-North is higher than the one of the residents of the destination zones. In the past, however, the average level of education of the Southerners who emigrated to the Center-North was lower than that of the people who welcomed them, and this affected negatively not only the financial situation of local governments in Northern Italy but also the welfare of residents of the destination areas of migratory flows[13].

The results obtained depend very plausibly on this element of discontinuity that characterises the new migrations in comparison to those of the past, a hypothesis which would find a solid foundation in the Kahanec and Zimmermann model mentioned above and which, in turn, allows to go back to the causes of the higher level and the increase in income inequality that occurred in Southern Italy during the years of the global economic crisis.

Conclusion

The remarks made so far enable us to advance some operative proposals to learn how to govern migratory phenomena and counteract the human and industrial desertification of whole regions or macro areas.

First of all, it must be recognised that immigration is a phenomenon widely studied but still poorly understood. Surveys on income and consumption – which are the basis for the analysis of inequality and poverty – are based on samples in which immigrants are not adequately represented. However, if we do not lose heart due to these difficulties and explore in depth the relationship between economic inequality and migration, we could learn to better manage the migration flows and migration could produce gains, playing an important role in the reduction of the disparities.

[12] As argued in the past by PICA (1972) and, more recently, by LAGANÀ - VIOLANTE (2011), PUGLIESE (2007), PANICHELLA (2012 and 2014).
[13] Cf. PICA (1972).

Nowadays governments should become aware of the fact that their boundaries are becoming less controllable and increasingly irrelevant due to different phenomena (globalization, international communication, and cooperation; the proliferation of international trade agreements and the areas of free trade; the greater mobility of people, for work or study or other reasons). In this scenario, the European Union should develop a more systematic approach to the issues of the border control and the rights of citizenship within the national welfare state models[14]. It should have an approach less conditioned by emergency and should make clear its identity and its role in the world. Each Member State of the Union should then realize a fundamental change in the perception of themselves and their identity: they should accept that they already are, but even more in the future they will be, necessarily, immigration societies[15]. Governments cannot continue to overlook the fact that there is a growing share of economically dependent people with care, nurturing and assistance needs, an increasing number of foreigners in Italy and an even wider gap between rich and poor, between secured and unsecured subjects. There is, therefore, a strong need to evaluate the extent to which the national welfare state models can accomplish a citizenship that must be plural and diversified. Asserting vigorously this need means recognizing that the welfare state is not a luxury to be contained in times of crisis, but a resource to be used to cope better with crises and get out of them[16]. In this view, welfare can and should be considered an investment, a tool to create and improve social cohesion and to reduce inequality (Campedelli et al., 2010). However, this is possible only if we accept to widen and diversify the rights of citizenship, instead of compressing them, after we have submitted them to the scrutiny of our personal economic interest (Di Nicola, 2011).

Governmental institutions of the European Union and its Member States, considering the aging processes ongoing and the low rate of demographic growth which characterizes the old continent, should understand that immigration if properly managed, could also be a blessing. As demonstrated by Kahanec and Zimmerman (2009, 2014) and by Xu et al. (2015), "an immigration policy that shifts the focus toward admitting more high-skilled immigrants and fewer low-skilled immigrants may reduce the effect of immigration on income inequality." We must be aware, however, that designing policies of skill-based selection is complicated[17] and that migration in itself would not

[14] From this point of view an interesting contribution on how the shape and role of the state as a boundary-setting institution are changing because of globalization and migration was provided by EDWARD S. COHEN. See COHEN (2001).

[15] This proposal had been already advanced by Haller in a recent etude on the current relevance of boundaries in the EU (HALLER, 2012). This also requires a rethinking of ways in which models of multiculturalism are adopted in some countries. On this subject see TAYLOR-GOOBY - WAITE (2014).

[16] According to COSTABILE and GAMBARDELLA, immigration should not be considered a burden but a resource and even a precious ingredient of the "ability to recover" (and therefore a factor of "resilience") of a country. See COSTABILE - GAMBARDELLA (2010) and the paper titled *Immigrazione da problema a risorsa? Il caso italiano*, presented by the same authors at the International Conference *Resilience: Evolution of a Concept and Perspectives of Research - Analysis Methodologies, Tools for Prevention and Public Policies to Cope and Respond Effectively to Adverse External and Dynamic Stress*, 29-30 June 2015, Department of Political Sciences, University of Naples (Italy).

[17] These policies should be likely accompanied and supplemented by the use of "control signals" and by policies of social and economic integration aimed at facilitating the transfer of foreign human capital and by the consciousness raising that the phenomenon of immigration isn't only connected to temporary events, but to long term geopolitical and economic dynamics. On this issue see the interesting contributions of WRIGHT (2014) and AYDEMIR (2013 and 2015).

resolve the issue of the inequalities. At most, it would shift this forward, because the redistribution through immigration does not exempt from previously creating a minimum set of rules and institutions aimed at incentivising a major coordination and collaboration by governments, at international, national and local level, to change the present management systems of migration (in order to take into consideration the interests of migrants and their source countries and areas) and correct their redistributive effects. Governing the financial impact of immigration may require, in fact, the redistribution of the benefits and costs of migration and their redirection to the local authorities most affected by the phenomenon. In this sense, it should regard favorably the proposal of the Italian State to assign monetary incentives to the Municipalities which commit themselves to a greater extent on the front of immigration. The analysis of the Italian case shows, however, that an operation of this kind needs to be accompanied by economic policy measures aimed at stimulating the accumulation of physical and human capital and at encouraging investment in the source areas of migratory flows, in order to increase their attractiveness and productivity, while a wise management of taxation and welfare systems, both at national and local levels, should ensure a more equitable redistribution of the gains produced by migration[18], mainly to help people and unskilled workers who remain in low productivity areas[19].

Inequalities within these areas of the country, as well as the economic and social imbalances between its richest and poorest regions, move on the State the responsibility for the distribution of resources and opportunities, that is, the responsibility for taxing and spending policies aiming to remove those unacceptable causes of imbalance and distributive injustice. In this view, it is necessary to enhance the redistributive function of tax and welfare systems, bringing them to consider the different availability of financial resources and strengthening their "resilience," i.e. increasing their ability to withstand sudden changes and to recover from them. Taxation and public expenditure must be considered key tools when tackling inequality and to generate the resources necessary for poverty reduction. Today, in fact, we have to consider that, because of tax abuses and the spread of austerity measures, all countries – not only the resource-rich countries but poor in income (that is, with low or middle income) – are suffering from a kind of "resource curse." This does not allow them to effectively fight extreme inequality and poverty and deploy "the maximum available resources" to secure the economic, social and cultural rights of their population.

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[18] In this sense, cf. BUCOVETSKY (2003). According to this author, in the second-best world – where a system of lump-sum interpersonal transfers is unfeasible – a greater degree of progression of taxes applied in the source areas of migratory flows would help to make more equitable redistribution of the benefits of migration and to increase the social welfare.

[19] Migration policies, also in the opinion of Collier, should start again to dealing with the impact of migration on the people who remain at home. Very often, however, they seem to take into account solely the potential impact of future migration on native populations in the host countries (COLLIER, 2013).

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