

Recent International and Domestic Migration in the Maltese Archipelago: An Economic Review

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ABSTRACT: Migration strategies often permit densely populated island territories to alleviate unemployment, ease pressure on limited resources, and compensate for the absence of economic diversification. This paper evaluates two types of recent migratory flows affecting the Maltese archipelago: international migration to and from the islands triggered or intensified by European Union membership; and domestic, inter-island movements between the ‘mainland’ (Malta) and the smaller island (Gozo). The descriptive statistics used are based on published data, whilst the qualitative evaluation is derived from focus groups and interviews with stakeholders. Conclusions suggest that emigration remains an overall positive experience at the individual level, with constructive spill-over effects, mingling of cultures and better use of resources at the national level. Such benefits can be expected to increase if authorities design policies which encourage rather than discourage migratory flows.

Keywords: brain/brawn circulation; European Union; Gozo; inter-island mobility; island migration; Malta

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Introduction

The overall number of migrants in the world continues to increase, reaching 214 million in 2010; but still representing just over 3% of total world population, a proportion that has hardly changed for the past four decades (IOM, 2011a). Some changes can be discerned: for example, there are more destinations available, and the sojourn away may not be long term; in fact, “temporary and return migration have become much more common” (Hatton & Williamson, 2002:3). More recent literature focused on Europe discusses “transit migration” which often affects peripheral states temporarily hosting what may prove to be mainly irregular migrants (although the phrase was also suggested to extend to economic migrants) on their way to Europe’s metropolitan core (Collyer *et al.*, 2010). Moreover, intra-regional movements are more widespread than inter-regional migration (IOM, 2011a).

For sending countries, migration can be a revenue generating mechanism in the form of remittances (which can explain a considerable proportion of some countries’ gross national product), and/or an unemployment reduction strategy. It can however also prove to be a significant human resource loss, since those who are locally un/under-employed might prefer moving to another country where their skills are better appreciated and remunerated, and where job prospects and the overall economic environment are more appealing. Various studies have explored the effects that migration has on both the home and receiving country.

The Maltese Archipelago

The Maltese islands, similar to other small islands around the world, have a long migratory history. The archipelago comprises three inhabited islands, Malta, Gozo and Comino (the latter now with just one resident family). The resident population of 418,000 inhabit a land area of 316 km², making the island state one of the most densely populated in the world. The islands' employment rate is only 57% of the working age population, whilst the unemployment rate is 6.8% (NSO, 2011b). Most migrants tend to be economic migrants and thus it is relevant to have a clear depiction of the Maltese labour market, since the low activity rate suggests that there are human resources not being utilized to their full capacity. The economy of the islands is mainly based on market and non-market services, which account for 81% of GDP and employ 74% of the working population. Manufacturing and construction together command around 17% of the economy and 25% of employment, while agriculture and fisheries account for just 2% and 1% respectively. Those having a full-time job reached 146,000 in June 2011, with an additional 51,000 persons having a part-time job (of whom 22,000 also hold a full-time job) (*ibid.*).

This Paper

The aim of this paper is to review the impacts of recent international and domestic migration on two islands of the Maltese Archipelago, Malta and Gozo. It considers two main types of human movement that have occurred on the two main islands, especially during the last decade. It evaluates the impact that such migration is having on the people who move and on the economy. The study utilizes published data and official reports as a basis for discussion. The analysis is supplemented by observations gleaned from focus groups and interviews conducted with two types of stakeholders: migrants and their families; and employers/business-persons. Four focus groups and 12 interviews were conducted between June and August 2011, and six more interviews were held in March 2012. The four focus groups comprised 32 individuals. One focus group was with Gozitan businesspersons and employers, and three others with families who have family members as migrants in Australia and USA, as well as individuals who have decided to return to and settle down in Malta or Gozo after many years abroad. Two were conducted in Gozo and one in Malta. From a total of 18 interviews, 16 were conducted with the two groups (migrants and businesspersons), and the remaining two were held with academics.

The paper is divided into five sections and a conclusion, including this introduction. The next section provides a theoretical framework and the literature review. The third section looks at the demographic and migration trends of the Maltese islands since the end of the Second World War. The fourth section analyses two migratory flows of the islands: inflows and outflows after EU membership, and inter-island mobility. The fifth section is also analytical and evaluates the impact of migration on the islands. The last section concludes.

Migration Theories

[T]here is no single, coherent theory of international migration; only a fragmented set of theories that have developed largely in isolation from one another, sometimes but not always segmented by disciplinary boundaries (Massey *et al.*, 1993:432).

Migration theories have their grounding in different academic fields, such as sociology, anthropology, economics, geography, while some theories are offered as general ones attempting to unify two or more perspectives. The motivation for migration can be based on different reasons, economic and geographical, but also political and environmental. In the final analysis, there are diverse push-and-pull factors at play and various processes influence migratory behaviour. Öberg (1996) further distinguishes between hard and soft push factors, ranging from war and environmental disasters to unemployment and social exclusion.

Back in 1889, Ernest Ravenstein proposed several conditions and reasons for migration, the main one being the perception of better external economic conditions outside one's country of origin. Choices often depend on the gender, social class, level of education, and age of the person. He also believed that migration decreased with distance: people were more likely to move to those countries closest to them, although this did not rule out the possibility of more movements further away as time went by. Moreover, migration was seen to occur in stages. Meanwhile, within countries, migration was likely to occur from the rural to urban regions.

Migration can take various forms. Family migration is the leading type today, with economic migration coming in second. Over 50% of all migration to the top receiving countries is family based. Work-related migration is as high as 66% in Australia but only 10% in the USA (Jean *et al.*, 2007). Another type is humanitarian migration (including asylum seekers and refugees) which is decreasing in many OECD countries but represents 85% of all immigration requests made to the 27 member states of the European Union (*ibid.*). Other types include international students, victims of trafficking, smuggled migrants, unaccompanied minors, stranded migrants (IOM, 2011a) and transit migrants on their way from the periphery to the core of a region or country (Collyer *et al.*, 2010).

Migration theories are especially applicable to islands, since most islands have a tradition and history of migratory outflows (King & Connell, 1999). According to 2010 World Bank data, twelve of the top twenty emigrant sending countries (looking at official emigration figures as a percentage of the total population) are island states, including Malta. The highest is 67.3%, for Samoa (Ratha *et al.*, 2011). Islands rank higher when graduate migration is analysed; there are seventeen island states amongst the top twenty nations. And in the case of top emigration countries for physicians, islands feature highly, representing fifteen out of the top twenty.¹ Island migration is also tied to the flow of remittances. For example, remittances represented 28% of GDP for Tonga in 2009. Remittances, whether in cash or in kind, can compensate for a relative lack of locally available investment capital and consumer demand in island economies.

¹ Such proportions however can reflect the presence of international university campuses or medical schools, as in the case of St George's University in Grenada.

Bertram & Watters (1986) and Bertram (2006) proposed the MIRAB model which looks at migration, remittances, aid and bureaucracy as strategies adopted by small states in their development process. Cook & Kirkpatrick (1998) modified the initial MIRAB model to allow for both immigration and emigration of labour. A MIRAB-type development process changes the demographic structure of island populations, emigration becoming part of a deliberate survival strategy. An alternative model is PROFIT, which looks at people, resource management, overseas engagement, finance and transportation, emphasizing flexibility and resourcefulness through domestic policy making (Baldacchino, 2006). This latter model provides a rationale for both outward and inward migratory flows in connection with island territories.

Economic theories of migration tend to adopt either macro or micro perspectives. The level of analysis ranges from the international to the individual, but the theories need not be “inherently incompatible” (Massey *et al.*, 1993:433). The section below evaluates four main economic theories of migration: world systems theory; dual labour market theory; neo-classical theory; and the ‘new economics of migration’. The first two are macro theories, while the latter two largely provide a micro perspective.

World systems theory considers migration as the outcome of globalization, a natural expression of movement across borders, indicating a deeper form of economic integration. This theory builds on Wallerstein’s (1974) work on the international division of labour, and proponents suggest that it is the structure of world markets which encourages people, particularly from less developed and peripheral economies, to partake in the success of the core capitalist regions. International migration is thus based on the pull factor of both ‘core’ advanced economies as well as those of the semi-periphery, penetrated by the owners of capital in search of lower costs of production and higher profit:

According to world systems theory, migration is a natural outgrowth of disruptions and dislocations that inevitably occur in the process of capitalist development (Massey *et al.*, 1993:445).

In earlier centuries, these actions were mainly encouraged and facilitated by colonial relationships; in later decades, this role has been largely taken over by multinational firms. Jobs created by foreign direct investment may depend on the continued availability of resources and state incentives. These jobs create a new cadre of workers, who in turn demand a larger share from the generated wealth. If such demands cannot be accommodated, it becomes easier to encourage the employment of immigrants who would be less demanding and may help to suppress labour costs. These flows are bolstered by mass media as purveyors of global culture, which influence and to some extent condition the citizens of peripheral countries into aspiring for new lifestyles that require higher incomes, and so attract migrants to the imagined opulence and opportunities offered by the core countries. Migration is thus unavoidable as it forms part of the development process associated with globalization.

As a general principle, the smaller the economy, the more integrated it is with the world, and many island jurisdictions are small; they simply cannot avoid integrating in regional and global markets in order to survive. Migration becomes another link in this chain of events and regulated migration can sometimes be deployed as a development strategy.

The dual labour market theory also takes a macro-economic perspective, but on the national level. It evaluates the forces that encourage migration, linking them to the requirements of modern societies. Piore (1979) is a main proponent of this approach, which focuses on the pull factors inherent in developed countries, whose growing economies thrive on additional human resources, the latter deriving mostly from less developed countries. According to Massey *et al.* (1993), four conditions influence these pull factors: structural inflation, motivational problems, economic dualism and the demography of labour supply:

In order to attract local workers to low level jobs, wages would need to be raised and this causes *structural inflation*, or pressure to raise wages across the job hierarchy, since this reflects status and prestige associated with particular salary scales. On the other hand, immigrants can fill in this gap without requesting higher wages.

Motivational problems are ‘inescapable’ as there will always be bottom rung jobs which carry limited hope of upward mobility. Therefore employers are on the look-out for those who will work for money rather than status or career aspirations; and immigrants make suitable applicants for such jobs, even if only at the beginning of their careers.

Meanwhile, when capital is made redundant, owners have to bear the costs of its unemployment, whereas labour can be laid off and the cost is borne by the individual. *Economic dualism* results: capital-intensive sectors have stable and skilled jobs, while labour-intensive sectors tend to have fluctuating and unskilled jobs. In times of low or no growth, workers in the latter sector remain a “variable factor of production and ... expendable” (*ibid.*), creating a labour market structure which is inherently fragmented and unattractive to locals but which can be taken up by immigrants.

The demography of labour supply refers to such changes as reduced birth rates, higher pensioner-to-worker ratios, and longer life expectancy, which make especially advanced economies encourage the immigration of young workers. A dual labour market situation is thus inherent in fast-moving and continuously changing advanced economies. Its four conditions can prove unsettling and costly for employers; therefore a dual labour market develops with immigrants acting as a balancing item that allows for some sense of a stable equilibrium.

The dual labour market theory is thus also relevant to islands. As islands become more integrated in the global economy, their (especially male) nationals may be attracted to core economies overseas, leaving domestic labour market openings, especially in the lower echelons of employment. These can be taken up by local women or youths; however they may also attract immigrants from less developed countries. In the case of high-income islands – for

example, those with thriving banking and finance industries – these may require highly skilled and paid employees and professionals; such positions may need to be taken up by immigrant workers.

Turning to micro-level approaches, the neo-classical theory considers migration as resulting from economic differentials in wages and other working circumstances in diverse countries, in comparison with the actual costs of migrating. The focus here is on the individual, whose rational decision making takes into consideration the maximization of returns on his/her labour and skills. “Neo-classical economic theory assumes that individuals maximize utility” (Borjas, 1989:460) and thus, by extension, income maximization. Individuals are believed to engage in a cost-benefit analysis of their potential choice of migration, looking at the costs of actual translocation and adaptation to a new country, and the benefits accruing from expected returns (primarily financial) in their future country of relocation:

An economic theory of immigration analyses the allocation of labour across international boundaries. The theory is based on the behavioural assumption that individuals migrate because it is in their benefit (either in terms of psychic satisfaction or income) to do so (Borjas, 1989:457).

Islanders can be construed as actors that strategically seek to exploit the advantages of roots and routes, of home and away (*e.g.* DeLoughrey, 2007). The dichotomy between here/land and there/sea is a permanent marker in their culture and history. Island-based individuals are ultimately seen as decision-takers, choosing to move from their homeland and seek their fortunes elsewhere. The fact that such a relatively high proportion of islanders (compared to citizens of other, non-island states) do take this step can be explained through this neo-classical theory of migration, which focuses on the individual’s aspiration to maximize income.

Finally, the new economics of migration (*e.g.* Stark & Bloom, 1985) goes beyond an analysis of the labour market, taking a broad sweep of the overall state of affairs in a particular country. The decision-maker is not the individual but the household or family as one unit. Thus, the aim is not to maximize individual income but rather to minimize losses to household revenue and to ensure that the household has the capital to sustain its well-being as a whole, with members supporting each other and acting as one entity. Remittances become important in this context and migration is a form of risk diversification for poorer households or a means of raising capital for minor investment projects, especially in developing countries (Massey *et al.*, 1993). Whilst in developed countries, private insurance markets and the social security system can minimize risks on a family level, in developing countries remittances can allay such risks for the family left behind, or can provide micro-finance for investment in minor household projects and for setting up a new business.

Remittances can contribute high levels of revenue to island economies, especially during their early development stage. When islanders send remittances to their families back home, these can help entire households to improve their quality of life, pay school fees, settle previous loans, or engage in a new business activity. In this respect, the new economics of migration theory is also relevant to island life and its migration strategies based on the social cohesion and close-knit families often associated with small island communities.

This four-pronged theoretical framework is now deployed below to analyse the migratory flows impacting of late on the Maltese islands, and to evaluate which of these theories may better explain the different types of migratory processes occurring in Malta and Gozo. The following section provides the background to the case study by offering information on the population composition and migratory trends in the Maltese Islands in earlier years.

Population and Migration Trends in the Maltese Islands

Early census data puts the population of the Maltese islands at 93,000 inhabitants in 1807. This doubled to 185,000 less than a century later, in 1901. It more than doubled again to over 417,000 by 2010. In that year, “the population increased by 0.8% over 2009, mainly due to a net migration (immigration less emigration) total of 2,200” (NSO, 2011a:1). Projections for 2050 indicate that the Maltese population will decline to around 380,000. Population changes are influenced by the natural rate (which means births and deaths) as well as net migratory flows.

One key reason for a tight labour market in the Maltese Islands is a declining population, triggered by a lower mean birth rate, a common situation in many developed countries. In Malta, the total fertility rate stood at 1.4 in 2010, which means just over 4,000 live births annually (NSO, 2011d). Large families are no longer the norm and many couples are deferring parenthood, and then either opting for a one-child family, or even having no children at all. This is particularly more acute in the case of career-driven couples. Out of some 140,000 households reported in the 2005 national census, 60.4% are without dependent children. One child families make up 10.5% of households, while 11.9% are households with two children. Only 3.5% of households have three or more children, whilst 2.6% are single parent households with children (NSO, 2007).

A second reason is a higher life expectancy, resulting in an increasingly ageing population and an elevated demand on health and old-age related services. In 2004, the NSO pointed out that:

Like most countries in Europe, Malta will be experiencing an acceleration of the ageing in the population. This phenomenon, closely connected with the decline of fertility, is strengthened by the progress obtained in the life expectancy at high ages (NSO, 2004:1).

By the end of 2003, persons over 65 made up 13.1% of the population; this percentage rose to 16% by 2010. The higher life expectancy means that, unless there are enough workers to sustain the needs of the burgeoning numbers of older citizens, people will either have to save more when in employment for their needs in older age or else postpone retirement and work longer years. The Maltese state is already responding somewhat to these challenges by increasing the retiring age and by encouraging people to invest in private retirement or life insurance plans. The other option towards defusing the ‘pensions bomb’ is to increase national revenue through a larger working population; and, if this working population is not found

locally because of the low birth rate, or a low female participation rate, then one needs to attract workers from other countries through migration.

The Maltese are historically a mobile people and migration has often been considered as a means of alleviating hardship by seeking employment abroad:

Emigration from Malta in the nineteenth century took the form of an unplanned, spontaneous movement almost entirely towards the southern and eastern littoral of the Mediterranean, with employment opportunities being found in petty trading, craftwork and labouring (Jones, 1973:102).

Early migration was to nearby Mediterranean countries such as Italy, France, Algeria and Tunisia, but also further away such as in Egypt and Gibraltar. Other migratory flows were aboard trading ships, which often resulted in the Maltese going farther afield and sometimes settling down in other continents. It was normally males who emigrated and were often away for long periods of time.

Emigration as a strategy for Malta to reduce unemployment had been adopted by the British colonial administration as far back as the early 19th century (*ibid.*). Planned emigration, however, became more prominent after the Second World War:

[W]hen the mad fury of the Second World War finally abated, organized and subsidized emigration became a basic policy of those who ruled the Maltese from 1945 to the middle years of the 1970s (Attard, 1997:13).

The knowledge that decolonization was in the pipeline and this was expected to create excess labour supply in the Maltese economy, then very dependent on the various forms of British services-related employment and revenue, meant that a new strategy was needed to deal with those workers made redundant from the dismantling of the British fortress economy:

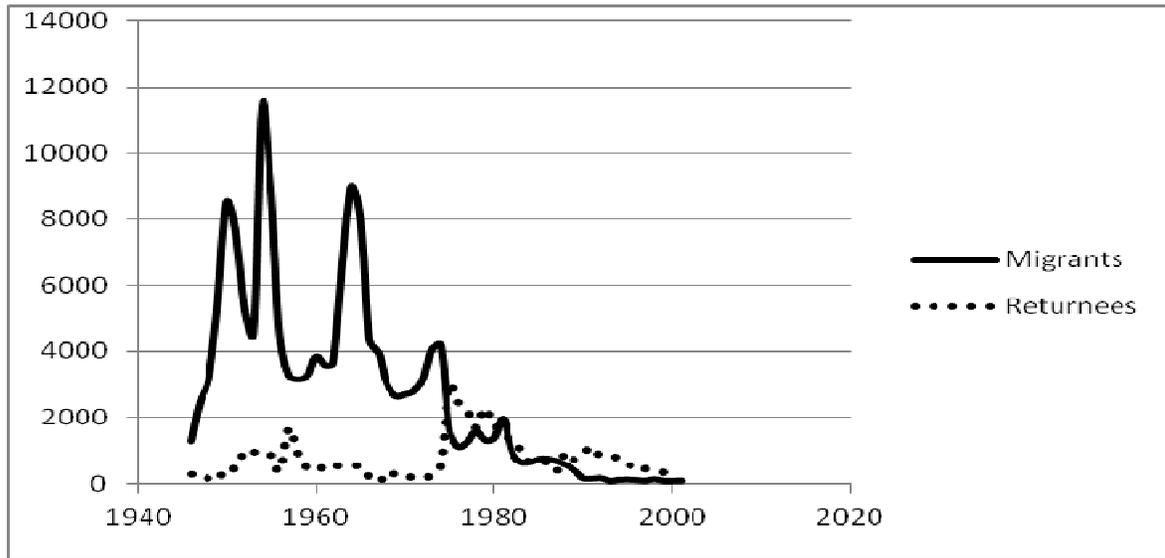
After World War II, Woods (1946) and Schuster (1950) saw emigration as an appropriate strategy for Malta to reduce unemployment (Azzopardi, 2011:10).

Between 1945 and 1974, some 140,000 people emigrated from Malta, which roughly represented almost half of the population at the time (Attard, 1997). The population contracted between the census years of 1957 and 1967 (NSO, 2007:xxvi). Whilst these emigration policies, which included assisted passages and family aid schemes (Jones, 1973) appeared to make economic sense, the Balogh & Seers Report (1955) argued that this was a loss of a cohort of young and skilled workers who could have contributed to the development and restructuring needs of the Maltese economy, at a time when huge changes were being envisaged for the new independent state and the switch to a different type of economy.

The Maltese authorities of the 1950s (including the then head of the local and influential Catholic Church, Archbishop Gonzi) deemed emigration to be the 'safety valve' for Malta (Attard, 1997). It was after 1974 that net immigration turned positive, with policies focused on encouraging returnees and dampening emigration. In spite of this significant human

haemorrhage, the Maltese population continued to grow in later decades, partly aided by returned migration, fiscal incentives to increase family size (such as via the introduction of children's allowances) and the setting up of state kindergartens (in an effort to increase the low female labour participation rate).

Figure 1: Migrants from Malta and Returned Migrants to Malta: 1946-2001.



Sources: Attard (1997) and NSO (2002)

Figure 1 presents out-migrants and returned migration data from 1946 to 2001. While there were huge fluctuations after 1945 and until the mid-1970s, both returnees' and migrants' numbers started diminishing, almost tapering off in the latter years. Note however that official migration statistics may not always capture all actual flows. During the times of assisted passages and other migratory aid programmes, data were relatively accurate, since those assisted who came back within a short period of time were obliged to refund the state. Inward migration was linked to documentation at the Customs Department and therefore was generally reliable. However, after the dismantling of the Migration Section within the Department of Labour in 1995, data regarding outward migration may be under-reported. Such data now depends on information provided by foreign embassies and, since 2000, only the British embassy has provided this data consistently (NSO, 2002).

Recent Migration Flows

Since 2001, one can discern two main migration flows in the Maltese islands. One concerns international migration in the run up to European Union (EU) membership and thereafter; this involves both official migration flows, exploiting Malta's membership of the single market, and now involving hundreds of Maltese working in other EU member states, as well as a few thousand non-Maltese now working in Malta. The second relates to inter-island mobility, and

is a function of the increasing disposition of Maltese to officially take up their main residence in Gozo and lack of jobs for Gozitans on their own island.

International Migration Post-EU Membership

Gross migration data suggests that the outward migration trend post-EU membership was on the increase, at least until the 2008 international financial crisis made job opportunities in the EU less secure and available. According to World Bank data, the estimated stock of Maltese nationals in foreign countries in 2010 stood at 107,412. The four main receiving countries continue to be: USA (211,224), Australia (53,292), UK (26,020) and Canada (9,610). The stock in the other 25 EU member states (less Malta and the UK) was 4,533 (World Bank, 2011). The overall pattern has not changed much: the four main destination countries are the same as had been for most of the 20th century. But other European countries are now on the radar for the first time: amongst the most popular are Belgium and Luxembourg, the sites of Maltese now working with the European Commission and other European institutions.

This time round, outward migration from Malta is mainly from the skilled and professional classes, with particular emphasis on the medical profession and skilled information technology (IT) technicians and programmers. Data for 2000 suggests that the emigration rate of Maltese graduates was as high as 57.6% (Ratha *et al.*, 2011; Bhargava *et al.*, 2011). The medical brain drain is recognized as a problem and Malta may face challenges in its health services provision because of this exodus (Vassallo, 2010). Maltese medical doctors tend to undertake their initial training at the University of Malta and then most continue with their post-graduate studies abroad, mainly in the United Kingdom, making career development the primary factor influencing migration (*ibid.*). A change in the UK's policy (where a doctor had to undergo a postgraduate two year foundation course in a UK hospital in order to gain access to specialist training later on) has meant that, after 2005, final year medical students in Malta were already thinking of leaving the island. Many of those who leave may never return. In order to counter this move, the University of Malta started offering a two-year program at a newly formed Malta Foundation School in 2009, and was the only foreign university to secure affiliation status by the UK Foundation Program Office in 2011. In its first two years, the retention rate has already improved, meaning that less new house-officers are leaving the island; unofficial data suggests that 21 out of 70 medical graduates from the 2012 cohort will leave Malta to continue their studies in the UK. Meanwhile, in the case of IT professionals, the University of Malta and other higher education institutions in the country have increased the number of courses available and marketed their ware to try to make their own courses more attractive by linking them to job placements and other potential opportunities connected with a major 'smart city' development on the island.

Some 5,954 persons are officially listed as having emigrated from Malta in 2010, most of whom (4,091) are non-Maltese. Meanwhile, 8,154 persons immigrated to Malta in the same year, most of whom (6,954) are not Maltese returnees (see [Table 1](#) below), indicating a healthy balance between outflows and inflows.

Foreign migrant stock in Malta has grown from 1,700 in 1960 to an estimated 15,500 by 2010 (HDR, 2009). Inward migration by both other-EU and non-EU nationals has continued to

increase post-EU accession: in 2002, there were 2,913 working permit holders in Malta, mainly from the UK, China and ex-Yugoslavia. By early 2011, there were 5,596 EU citizens alone working in Malta. Of these, 1,246 were registered as top management; and 1,066 engaged in low skilled and elementary jobs. A further 903 worked in retail or sales, while just 16 persons were employed in agriculture and fisheries. In 2010, there were 16,700 foreigners living in Malta, of which 11,300 were non-EU citizens. The latter include Russians (861), Chinese (680), Serbs (648), Filipinos (438), Ukrainians (374), Indians (286) and Turks (254). The remaining 5,400 EU citizens living in Malta came mainly from the UK (1,665), Italy (420), Germany (357), Bulgaria (307) and France (176). These foreigners collectively constitute 4.9% of the Maltese population (NSO 2011d) and hail from 130 countries. Compared to other EU member states, the percentage of immigrants in the resident Maltese population is low.

Table 1: Migration Flows in and out of Malta, 2010.

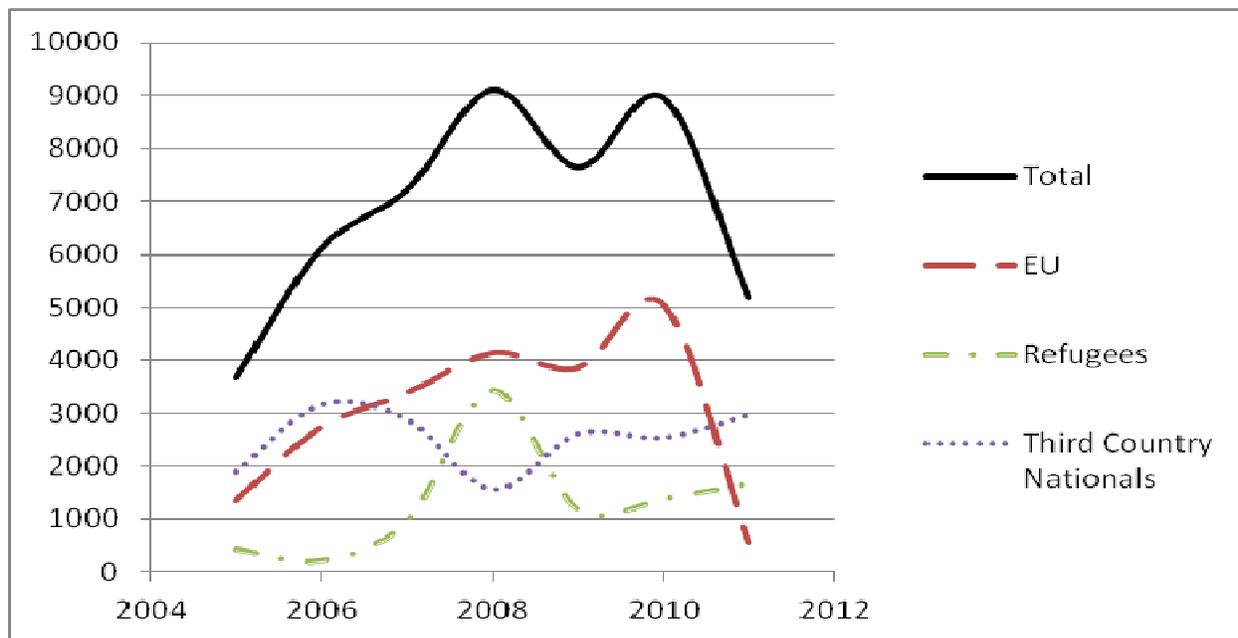
	Males	Females	Total
Maltese Nationals			
Immigration	654	546	1200
Emigration	1343	520	1863
EU Nationals			
Immigration	3246	3019	6265
Emigration	1471	1349	2820
Other Nationals			
Immigration	395	294	689
Emigration	797	474	1271
Total			
Immigration	4295	3859	8154
Emigration	3611	2343	5954
Net Migration	+684	+1516	+2200

Source: NSO (2011d)

Recent immigration to Malta is mainly in the 25-49 age group (NSO, 2011d). The inward flow of workers includes managers and other officials in the top echelons of foreign companies and newly privatized entities. Other workers can be found in the service industry, ranging from home carers and hospitality staff to those involved with internet gaming firms. According to World Bank data, Malta's share of migrant stock in 2010 amounted to 15,456. The biggest groups hailed from the UK (5,129), Australia (2,450), Canada (960) and Italy (710) (World Bank, 2011).

Figure 2 shows the number of work permits granted to EU nationals, refugees and third country nationals between 2005 and 2011. In 2005, 3,682 permits were issued, rising to 9,115 by 2008, then easing off slightly in the wake of the global financial crisis, and standing at 5,192 in 2011. EU nationals were the category which saw a deep drop whereas both refugees and third country nationals are slowly seeing upward turns.

Figure 2: Work Permits issued in Malta: 2005-2011.



Source: Work permits issued by the Employment & Training Corporation, Malta.

The sectors for which work permits were provided differed in number, although some similarities exist especially between third country nationals (TNCs) and refugees. For EU nationals, the top five categories from 2005 until 2011 were: real estate, renting and business activities; other community, social and personal services; hotels and restaurants; transport, storage and communications; and manufacturing. For refugees, the top categories were: hotels and restaurants; manufacturing; real estate, renting and business services; and construction. However the highest number of permits were found in the 'N/A' category and so no proper analysis can be undertaken in this respect. In the case of TNCs, permits were issued mostly for: construction; hotels and restaurants; real estate, renting and business services; manufacturing; and community, social and personal services.

Research confirms that migrants remit part of their income to their families in their home countries. Bonnici (2010) found that most Filipino migrants in Malta send money home which is then used for both direct consumption and financing small family enterprises. World Bank data indicates that migrant remittances out of Malta had reached US\$4 million in 2008 (Ratha *et al.*, 2011).

Foreign migratory flows (mainly based on retirement considerations) have impacted the smaller island of Gozo relatively more strongly than the mainland:

The total foreign population growth [in the Maltese Islands] between 2000 and 2001 was of 7.6%. The Island of Gozo, inhabited by close to 8% of the population, experienced permanent foreign population growth of 18.9% between 2000 and 2001 (Xuereb, 2004:133).

Gozo is popular particularly with British and German retirees: these enjoy a lifestyle that is more relaxed and laid back, quieter, with a lower population density, and surrounded by a greener countryside than Malta. Real estate also tends to be cheaper than on the Maltese mainland. In order to benefit from special services, such as access to the state medical system and subsidized residents' rates for travel, electricity and water, these mainly EU citizens register as residents in Gozo.

Inter-island mobility

Inter-island mobility merits analysis, since smaller islands can fall victim to depopulation:

Archipelagic island territories must ... contend with the additional dynamics of internal migration and urbanization (Baldacchino, 2006:55).

Gozo, the smaller island in the Maltese archipelago, had a population of 31,295 in 2010, yet up from 30,020 in 2001, an increase of 4.2% in the small island's population over a decade. However, this is not due to natural growth since the birth rate has fallen and the death rate (at 9.7%) is higher than that of the mainland (at 7.6%). Several factors discussed in the following paragraphs are leading the small island towards an ageing population situation.

The two main explanations for the Gozo population increase are: (a) inward foreign migration flows (as discussed above); and (b) the holiday-residence phenomenon. This latter phenomenon relates to the Maltese who buy a residence on the island and register it as their primary residence, since this offers them reduced rates on the sea ferry service linking Gozo to Malta. These 'residences' are often only used for weekend breaks and during holidays, since their Maltese owners continue to work in Malta. Some of these residences may even be rented out to other Maltese or foreign tourists:

A total of 555 people transferred the address as shown on their Identity Card from Malta to Gozo in the two years up to September 2010, the Prime Minister said in reply to a parliamentary question (Times of Malta, 2011).

The employed population in Gozo (full-time, part-time as primary job and self-employed) increased from 9,477 in 2000 to 10,937 in 2010. This increase is an outcome of job additions in the public sector (mainly by transferring back-office work from the mainland, a trend which started in the 1990s) and in the private financial services sector (particularly with the setting up of a new call centre). Positive employment changes were also evident in the wholesale and

retail trade sector. However, manufacturing activity has continued its decline, shedding jobs in the process; no foreign direct investment in manufacturing has been forthcoming for a long time. Tourism and personal services remain the mainstays of the private sector of this small economy. But these have not been enough to provide job opportunities for up and coming youth. The businesspersons I interviewed claimed that business, particularly in real estate and home furnishings, was suffering tremendously from a lack of demand, since most young Gozitan couples were opting to settle down in Malta after marriage. The trend has been especially pronounced in the last decade, mainly due to lack of jobs, plus inexistent career prospects in Gozo. As many as 96,5% of a sample of Gozitans in the 25-30 age-group do not believe that Gozo offers enough opportunities for work (Azzopardi, 2011:83). The regional contribution of Gozo to the national economy has also declined: in 1999, Gozo's economy contributed 6.3% of the total national value added, this was down to 5.5% by 2010 (NSO, 2011c).

Apart from the general economic climate, effects can be felt in other sectors. Local authorities are considering changes to the present infrastructural set-up due to a dwindling number of children. There were only 279 live births registered in Gozo in 2010, compared to 437 in 1992. In some village schools, the number of pupils is very low, as low as five or four per class. At present, almost each village has one primary/elementary state school. At the secondary/high school level, there are two state schools (one for boys and another for girls) for the whole island, along with two other, smaller schools run by the Catholic Church. The options being debated – and discussed in my focus groups – include the possibility of having just two primary schools on the island, instead of the current eleven. At the secondary level, authorities are considering an amalgamation of the boys and girls state schools into one mixed secondary school. Such measures are likely to lead to a redundancy in the teaching profession; this may mean that more skilled professionals would be forced to migrate to the Maltese mainland; while newly graduating teachers are less hopeful of a Gozo post in the future, leading to more youths setting up house in Malta.

Such trends suggest that the ageing population syndrome is spreading fast in Gozo and likely to intensify in the years ahead. A private old people's home is being advertised for the first time. For now, all the old people homes on the island are either state owned or managed by the Catholic Church.

The Impact of Migration

The international migratory flows have had both positive and negative effects on the Maltese economy. On the negative side, some brain drain is affecting certain sectors such as health and IT. This may be explained as a pull factor which globalization and the lure of Europe has had on Maltese nationals. The world systems theory is able to explain this move as locals are attracted by the higher incomes and opportunities that continental Europe can provide. Professional staff can find jobs with higher returns than they would have found locally. This can also be evaluated within the neo-classical framework in terms of income maximization. Furthermore, inward migration has had spillover effects, especially in the higher echelons of the labour market where newcomers tend to bring along innovative ideas and different management skills. The lower layers of the labour market, however, are also occupied by

foreign workers, mostly in jobs which the locals may no longer want to pursue, such as dishwashing, construction or waste collection. This has led to a dual-economy situation. Since immigrants also send remittances back to their families for consumption and micro-finance projects, the ‘new economics’ theory is also relevant here.

In terms of inter-island movements, Gozo is slowly turning into an island with a diminishing presence of youth, becoming, as was suggested during one focus group, ‘an old people’s home’. This factor impacts negatively on the economic potential of the small economy, with a diminishing role in the overall national picture. Its social environment is also suffering since nightlife is available mainly over the weekends, whilst a desolate feeling of emptiness can be felt on the streets during the week, especially after shops close at seven in the evening; this gloom is more acute during the winter months. Matters are much better during the summer months, when tourism, Maltese visitors and Gozitan holiday returnees make the island livelier, especially at seaside resorts. Long weekends also brighten up the economic situation during the rest of the year. In this context, migratory flows are a balancing item which keeps the economy going, albeit at a slower pace. On the other hand, from an individual perspective, these push factors are urging more young Gozitans to cross the 8-km channel and move to the Maltese mainland in order to be able to better use their skills, where better and more diverse job prospects are on offer, and where careers are more open and offer longer-term prospects. In this way, the neo-classical theory of the individual’s quest for improved job opportunities is a valid theoretical framework with which to analyze such decisions by Gozitan youth. In a broader context, and taking into account that young couples are deciding to start a family in Malta, suggests that the ‘new economics of migration’ theory can better explain this in the context of maximizing the opportunities for the household as one unit.

The economic theories described above are however not so well equipped to explain the inward flows of permanent and temporary migrants in Gozo. The PROFIT model may come in useful here, suggesting that islands may consciously engage in development strategies, including the encouragement of inward migratory flows for retirement purposes. Islands use their attractiveness to entice a category of relatively affluent migrants, including “urban refugees” (*e.g.* Forsythe, 1980) who can afford to purchase property with the intention of living in more tranquil and often more remote areas on islands:

[O]ther island populations have swollen with the influx of foreigners ...Territories like Aland, Bermuda and Malta have adopted immigration policies which favour a stream of limited but wealthy immigrants (Baldacchino, 2006: 11).

A complementary analysis by Oberst & McElroy (2007: 170) suggests that the higher incidence of the 65+ age group in particular islands is due to the “relative appeal of PROFIT-SITE islands as retirement destinations”.

Table 2 visually captures the effects of the two types of migratory flows analysed in this paper and how these can be explained and evaluated within the theoretical framework of the four economic theories described above. No one theory can provide a comprehensive explanation; but, various theories bring to bear different perspectives to illuminate the complex issues of

island migration. Furthermore, more elaborate and specific models - such as MIRAB, PROFIT and SITE – can provide a better explanation to the particular movement of people to and from small islands.

Table 2: Types of Migration within an Economic Theoretical Framework.

Migration Type Theory	International migration	Inter-island mobility
<i>World Systems</i>	Maltese want to partake of success of continental Europe, part of globalization process. Immigrants come to Malta for same reasons.	
<i>Dual Labour Market</i>	Foreigners willing to take up lower level type of jobs; locals not interested. Also, foreigners occupying high positions with foreign companies.	
<i>Neo-Classical</i>	Income maximization by individuals comparing local and potential revenue overseas, and factoring in costs of migration.	Income maximization by individuals more likely in Malta than in Gozo, due to lack of suitable jobs.
<i>New Economics</i>	Some migrants send remittances back to their household in country of origin, to finance consumption and investment.	Young Gozitan families settling in Malta, maximizing opportunities for the household.

Conclusion

The mass migrations of the 19th and 20th centuries were considered a safety valve, alleviating high unemployment while seeking higher relative returns abroad, often with the expectation (not always fulfilled) that migration was just a temporary phenomenon.

From a national perspective, contemporary outward local migration – concentrated in the professional sectors – may be seen as a resource loss for the Maltese islands. Yet, the cry from the EU is for brain or brawn circulation / rotation rather than a unidirectional movement of people from periphery to core. Perhaps there is real potential to transform such human mobilities into ‘win-win’ situations for both sending and receiving countries, especially if countries develop and implement strategies that make such a circulation easier.

Inward migration is filling up gaps both at the lower end of the labour market (with asylum claimants and refugees engaging in jobs not seen as financially or socially attractive to the locals) as well as at the higher echelons (where jobs tend to come with high prestige, are well

remunerated, and may permit high levels of knowledge transfer). From this perspective, immigration is a resource gain to the economy in general. However, the lower end job takers can also sometimes be exploited and offered few benefits. State authorities are called upon to ensure that at least the minimum working conditions prescribed at law are safeguarded and guaranteed.

On the micro level, individual migration remains mainly a positive experience, where better options are sought in another country. Although a tinge of nostalgia may creep in, successful migrants can return to their home country and boast of their accomplishments, either through status symbols (houses, cars, boats, yachts) or by visiting on a regular basis.

Results from this research suggest that, on the individual level, the migrants' experience remains an overall positive process. On the macro level, the impacts appear more mixed; however from an economic perspective, the outcomes are overall positive, with migrants filling in the jobs unwanted by locals and thus restricting the inflationary process this might otherwise afflict an economy experiencing human resource bottlenecks. Spillover effects from the higher echelons are also to be regarded as constructive.

Removing obstacles to the movement of people generates stronger competitive forces within economies. State policies could be designed in ways to facilitate such movements. If local conditions improve and become more appealing, the resource loss could turn into a resource gain, with migration acting only as a temporary safety valve enriching migrants with new skills and expertise, through their exposure to other experiences.

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