Migration and Development

Md. Nuruzzaman, *Ph.D.*
Director (Training), NAPD

What is Migration?

Migration is a general term to describe the movement of men and women from their homes for more than just a visit. It can be temporary, followed by return; or permanent, with no return.

Push-Pull factors

Migration push factors in the region include

- Low and variable agricultural productivity
- Lack of local employment or advancement opportunities
- Landlessness
- Marginalization
- Population pressure

Pull factors include

- Rapid urbanization
- Industrialization
- An expanding transport sector

Types of Migration

- Voluntary migrants include those moving for personal or economic reasons due to livelihood insecurities of lack of employment opportunities.
- Forced migrants include asylum seekers, refugees and those in need of other forms of international protection from violence, conflict and persecution.
- They also include internally displaced people (IDPs) who flee for the same reasons as refugees but do not cross an international border.

Difference Between Immigration and Migration

1. Migration is the overall term for the movement of people between different countries
2. Immigration refers to people coming into a country
3. Emigration refers to people leaving a country for a different country
4. Immigration is a politically sensitive topic that is often discussed in the media.

Types of Migration

- A new pattern in migration flows is the rise of “circular” migration – when a migrant moves several times between his/her country of origin and host country.
- This requires a redefinition of traditional descriptions of migration as “permanent” or “temporary”, “immigration” or “emigration”, and the use of policy approaches that respond to these new patterns.

Remittances

- What is the importance of remittances for a) development and b) poverty alleviation?
- Remittances to developing countries are worth almost $80 billion per annum.
- They constitute a significant proportion of GDP for many countries - 21% in Jordan, 12.3% in El Salvador, and 8.9% in the Philippines, for example. In Mexico, remittances equal tourism revenue, while in Colombia they equal half of coffee revenue.
- Remittance flows rank second to Foreign Direct Investment (FDI) in the overall external financing of developing countries.
- Remittances can reach a wide proportion of the population in the sending country: in El Salvador approximately 75% of households receive them.

Remittances

- Remittances are useful both from macro and micro perspectives, as a source of foreign exchange, and as a boost to household incomes.
- They may be used for consumption, investment, and as a form of insurance .
- Remittances are especially beneficial to low income developing countries. They form a greater share of GDP for low income than for middle income countries (1.9% vs. 0.8%).

Gender and Migration

Migration is a highly gendered process, with changing and differentiated patterns of movement by women and men.

Gender and Migration

- An important dimension of undocumented migration is the smuggling and trafficking of women, primarily as domestic workers and for forced labor and sexual exploitation .
- Many migrant women from Sri Lanka and the Philippines are denied their rights, beaten by their employers, forced to work long hours and had their passports taken away.

Global Changes and Their Impact on Migration

- Globalization, particularly the interpenetration of markets and economies, has added new dimensions to some of the old migration issues;
- Emigration and migrant return can be seen less and less as discrete events and increasingly as part of a wider process of global mobility and international exchange .
- Free temporary movement of persons providing skill and knowledge-intensive services, as envisaged under the General Agreement on Trade and Services (GATS), has opened up the prospect of turning “brain drain” into “brain gain”.

Sharing Gains and Losses

- There is ample evidence that migration brings both benefits and costs for sending and receiving countries, and that these are often shared differently by different groups – workers and employers/ owners of capital, skilled and unskilled workers and groups of consumers in the respective countries
- The volume, skill composition and other characteristics of the migration flows critically influence these effects, as do other contextual circumstances in which the flows take place.
- On the other hand, employers/owners of firms engaged in labour-intensive production, consumers of their products, and the immigrants themselves, would gain.

Sharing Gains and Losses

- For the distribution of gains and losses due to migration, a key issue is whether, or to what extent, immigrants complement, or compete with, local workers.
- When unskilled foreign workers directly compete with similar workers in the receiving country, all things being equal, the latter are likely to lose.
- The volume, skill composition and other characteristics of the migration flows critically influence these effects, as do other contextual circumstances in which the flows take place.

Gains and Losses

- These include labor market conditions and trends, the demographic profile, and the stage, strategy and rates of economic growth and development in each country.
- Additional important factors are:
  - a) for the receiving country, its socio-cultural capacity to accept and integrate new immigrants, and
  - b) for the sending country, the degree of its preparedness to respond to new economic stimuli such as remittances and returning skills, and to inspire confidence in the future of the economy.

Gains and Losses-For the sending country

- For the sending country, the effects will, in principle, be the opposite ;
- Unskilled workers left behind gain through a rise in wages, while employers lose.
- In a country that has abundant labour but a shortage of skills, skilled immigrants can also be a complement to unskilled workers
- The latter can gain from the inflow of new skills leading to a better and fuller utilization of labour and other resources, though skilled workers are likely to lose from this ;

Current concerns in the receiving countries: myths and realities

- In many receiving countries, where there is a growing sense that immigration is getting out of control, large sections of the public seem to have a negative perception of the effects of immigration.

Three inter-related concerns:

- Migrants take away jobs from the local population;
- Immigration is driving down wages; and
- Immigrants are a heavy burden on the country’s social welfare system.
- How valid are these concerns?

Do Immigrants Take away jobs and depress wages?

- Studies show that the impact of immigrants on employment is weak or ambiguous.
- The key issue is whether, or to what extent, foreign workers complement or compete with resident workers.
- There are at least three categories of jobs that largely avoid direct competition between foreign and local workers.

Do immigrants take away jobs and depress wages?

- First, many dirty, difficult and dangerous (so-called 3D) jobs are being increasingly shunned by local workers in industrial countries.
- Second, the current life-style is sustained by a wide variety of service jobs – childcare, house cleaning, pizza delivery etc. – undertaken by foreigners who cannot easily be replaced by locals.
- Third, immigrants also respond to another type of unmet, but distorted labour demand – low-skilled jobs in the underground economy.

Do immigrants take away jobs and depress wages?

- Another category of jobs traditionally filled by immigrants, in sectors such as farming, road repairs and construction, hotel, restaurant and other tourism-related services, which, although not completely shunned by local workers, often suffer from seasonal shortages of labour ;
- Finally, there are several skill and knowledge-intensive industries, notably in the fast-moving information technology sector, with an unmet demand for highly skilled immigrants in most industrial countries

Migration and Unemployment.

- It is not surprising that recent studies have found no correlation between migration and unemployment.
- This does not mean that immigration has no effect on employment.
- When there is a high concentration of foreign workers in certain industries or geographical areas, it can cause pressure on jobs and working conditions of the local labor force.

Does immigration raise social welfare costs?

- Immigrants are sometimes seen by host communities as profiting from benefits.
- The assumption is that they rely heavily on public welfare and social services, but pay relatively little in the form of welfare contribution and taxes.
- Many irregular immigrants do not claim welfare benefits.

Does Immigration Raise Social Welfare Costs?

- The main issue is the level of use of welfare services by immigrants and their families.
- Skills and education, age, family status and cultural background as well as the original motive to migrate – all influence migrants’ attitudes towards the use of public welfare.

Does Migration Help or Hinder Development?

- Emigration is sometimes seen as a means to reduce joblessness and enhance industrial development through increased foreign exchange earnings .
- Emigration can also serve as a temporary safety valve against mass discontent resulting from job losses during the transition following economic reform and restructuring.

Cont.

- Reliance on emigration, even as a temporary relief to unemployment, also carries a potential risk, it can over time aggravate the unemployment situation and undermine sustainable growth ;
- The selection of migrants – whether by family decision or at the behest of employers – tends to cream off some of the most enterprising and innovative workers of the sending country;
- Some of the direct consequences of emigration on the labor market can have second-round effects owing to changes in the social and family structure of the sending country .

Skill Migration: Turning the Brain Drain into Drain Gain and Rain Circulation

Worldwide scramble for skills led by-

- Globalization;
- Fast-evolving technological change;
- Ascendancy of knowledge and skill based service industries; and
- Intense market competition.

Brain Drain, Reverse Transfer of Technology and Poverty

- A recent survey covering 14 countries revealed a clear link between skills development and a rise in both labor productivity and GDP growth;
- Rich nations' policies of draining scarce and expensive human resources from poor countries, which aggravate global inequality, have also been criticized on ethical grounds.
- Skill migration boosts the tax revenues of receiving countries, but depletes them in the sending countries.

Optimal Brain Drain?

- More recent econometric analyses have put forward the concept of “optimal brain drain”.
- They show that countries with emigration of over 20 per cent of all persons with tertiary education, and low levels of education (e.g. El Salvador, French Guyana, Jamaica, and Trinidad and Tobago), would benefit from reduced skilled emigration
- On the other hand, countries with low levels of adult education and low emigration rates (e.g. Brazil and China) would benefit from increased skill emigration.
- An excessive outflow of skills from a developing country often reflects the supply-demand gap of skilled workers

Turning Brain Loss into Brain Circulation

- Skill migration need not be seen as a permanent loss for the sending country.

- Recent global changes, including closer economic and market integration, and spectacular progress in information and communication systems, make it possible for the sending country to establish transnational links with its diasporas and tap its skills and talents.

Turning Brain Loss into Brain Circulation

- A new pattern of increased transnational mobility of skilled personnel is emerging, presaging better sharing of knowledge and talents among nations.
- International organizations, for example UNDP through its TOKTEN and IOM through its MIDA programmes, are facilitating temporary visits by qualified expatriates without requiring their permanent return, to help countries of origin meet their skills requirements

Harnessing the Development Potential of Remittances

- Remittances are widely seen as a litmus test of the benefits to be derived from migration by the sending country.
- The gross figures do not take into account the transfers migrants make to rich countries, and those that take place between developing countries
- Migrants make their own rational cost-benefit calculations and, besides the high personal consumption fuelled by remittances, by boosting the household budget they also promote children’s schooling, better health, housing and family welfare, and, hence, future human capital development

Harnessing the Development Potential of Remittances

- High transfer costs reduce the size and thus the development impact of the flows.
- Recipients of international remittances have a high propensity to save
- Remittances can help local community development projects and businesses in the home country and migrant associations in the host country are increasingly active in pooling migrant funds and raising additional means from external sources to support such projects.

Harnessing the Development Potential of Remittances

- Remittances are a valuable addition to GNP, an important source of foreign exchange and can alleviate temporary foreign exchange difficulties, but it is doubtful that they serve as a driving force for trade policy or economic reform

Do remittances reduce poverty and inequality?

- A recent study covering 74 low and middle-income countries indicated a positive correlation between remittances and poverty alleviation.
- According to the findings, a 10 per cent increase in the share of remittances in country GDP would lead to a 1.2 per cent decrease in the percentage of persons living on less than USD 1 a day, and also reduce the depth or severity of poverty.

Benefits of Migrant Returns

a) Migrants return with more, or better skills than they would have acquired at home;

b) The skills acquired abroad are relevant to the needs of the home country economy, and

c) The migrants are willing and able to use the skills upon return. Empirical evidence suggests that only in a few cases are these conditions fully met.

Benefits of migrant returns

- Studies on return migration in several countries, including Greece and Turkey, show that more skilled and successful migrants are generally better integrated in the receiving society and hence less likely to return
- Data relating to other migrants, such as e.g. from Bangladesh and Sri Lanka in the Gulf States, provide little evidence of skills upgrading during their stay abroad

Benefits of Migrant Returns

- New skills acquired by the migrants abroad are not always adaptable to local conditions.
- In Pakistan, 81 per cent of returnees and 84 per cent of employers felt that the skills acquired during overseas employment were largely irrelevant.
- Finally, when migrants return to the country of origin, they are not always willing to accept new challenges in the industrial sector.
- A general tendency among many returnees is to set up their own business or simply opt for retirement.

To What Extent can the Economic Development of Sending Countries Contribute to Managing Migration?

- Greater economic convergence between countries should no doubt lower emigration pressure;
- It is also a welcome objective on ethical and other grounds;
- But, there are two important reasons why global economic convergence should not be overstated as a means of managing migration.

Benefits of migrant returns

- a) The income disparity, in dollar terms, between rich and poor countries has been increasing rather than decreasing, and the prospect of closing the gap in the near to medium term is slim.
- At its present GDP growth rate, it would take India some 62 years to reach the current per capita income of the US. If India grows at its pre-1980 rate, it would take 246 years.
- In terms of purchasing power parity (PPP), which is a better index of the real welfare situation, the gap is much smaller, but still too large to be eliminated in the near term.

Benefits of migrant returns

- b) Income differential is clearly an important factor in international migration, but not the only one. As one UN study observed, in the majority of cases, large wage differentials do not by themselves trigger migration.
- Evidence demonstrates that when a migrant-sending country is successfully engaged in broad-based development involving job creation and economic growth, and people feel that things will improve for themselves and their children, migration pressure declines and it may even trigger

Concluding remarks

- According to some theoretical models, migration has an all-round beneficial effect, with gains for all, or nearly all, directly involved
- The receiving country gains as immigration removes labor scarcity, facilitates occupational mobility and reduces wage-push inflationary pressure, leading to fuller utilization of productive capital, increased exports and economic growth.
- For the sending country, emigration can reduce unemployment and boost economic growth through access to strategic inputs such as remittances and returning skills.