

Managing Labor Migration: Asia and the GFMD

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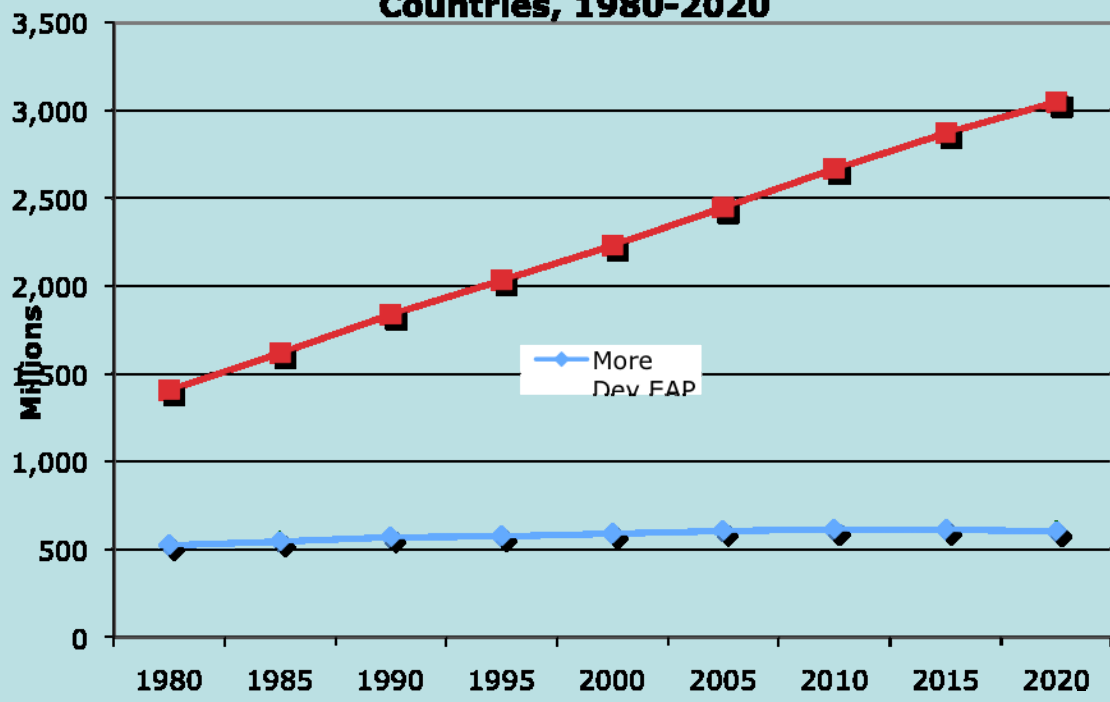
Three Topics

- Asia is different--60% of global LF; 30% of migs; econ success stories
- Sim export-led econ policies vs different migration policies-SIN vs JAP vs GCC
- Sim labor-sending strategies-- promote and upskill, protect, develop

Global Labor

- Global labor force of 3.1 billion (2007); 2.9 bil employed, 6.2% U rate
- 600 million workers in industrial countries (ILO); 10% migrants
- 2.5 billion workers in developing
- Growth in developing to 2020 (500 mil) about = current industrial labor force

Labor Force in Less and More Developed Countries, 1980-2020



30 million Idc migrants

- WB-GEP: increase Idc migrants in industrial countries from 30-45 million
- Result: more remittances, faster poverty reduction, and larger increase in global GDP than Doha freer trade
- Other models; similar results-- restrictions on migration reduce global economic output

Migration motivated by diffs

- Major differences--demography, economics, security
- Revolutions strengthen networks that bridge borders in communications, transportation, rights
- More borders to cross--from about 45 to 200 countries in 20th century

Migration: exception, not rule

- Inertia--most people do not want to move away from family and friends
- Governments can and do control entries and stay--national sovereignty
- Migration transition--from sending workers abroad to receiving migrants--Ireland, Korea, Spain

Individual & Family Decs

- Economic factors--Demand-pull, supply-push, and networks
- Other factors--family unification, students, and refugees
- Doors: front, side, and back. Asian emphasis on side-door entries, migrants expected to return to countries of origin

Migration Policy Making

- Refugees--global policy regime not to refoul
- Migrant workers--ILO 1949 and 1975; UN 1990
- Regional and bilateral agreements

Demographic Differences

- Demography: Global pop up by 1.2% or 80 million a year; 97% in developing
- Population weights shift, as between Europe and Africa, 1800-2050
 - Europe: from 21% to 7% of global pop in 250 years
 - Africa: from 11% to 21% of global pop

Economic Differences 1

- Wide gap in average per capita incomes between countries
 - 1975: High-to-low ratio was 41-1, high-to-middle 8-1
 - 2000: High-to-low 66-1, high-to-mid 14 to 1
 - 2005: High-to-low 55-1 (\$36,000 to \$650), high-to-mid 12 to 1 (\$36,000 to \$3,000)

Economic Differences 2

- World labor force in 2007 was 3.1 billion, including 40% in ag
- Rural-urban migrants:
 - Accept 3-D jobs (dirty, dangerous, difficult) at home or abroad
 - Make physical and cultural transition with rural-urban move—as easy abroad with Diaspora
 - Cities as nodes in global migration system
 - Rural migrants do not return “home;” urban Diaspora may

Security Differences

- Refugees: 10 million in 2007, most in neighboring countries
- 1951 Geneva Convention--give refuge if migrant facing persecution “for reasons of race, religion, nationality, membership of a particular social group, or political opinion.”
- Top-down model for global cooperation on other types of migration?

3 revolutions bridge borders

- Communications: easier and cheaper to learn about opportunities, Diasporas
- Transportation: easier and cheaper to travel long distance
- Rights: constitutional, political, socio-economic; few distinctions in 1950s-60s
- Policy response: manage migration by restricting migrant rights

Migration and Development

- Remittances: \$240 billion to Idcs in 2007; 1/3 of financial flows to Idcs (others = FDI, ODA, equity investment)
- Purpose of migration: to benefit migrant, employer, receiving country, or sending country?
- What governance mechanism for trade offs between win-win outcomes?

Who benefits from migration?

- Migrants with higher wages and more opportunities; employers with jobs filled at lower cost; spillover effects in both sending and receiving countries
- How much? US mid-1990s—immigration adds a net \$1-\$10 billion to \$8 trillion GDP
- Same number—different reactions

More migration=faster devel?

- 3 Rs: Theory--recruitment of the un- and underemployed, remittances to relieve poverty, and return of risk takers with new skills
- Reality--no automatic relationship between migration and development
- Migration can speed up development, can also perpetuate underdevelopment

GFMD Issues

- Under what conditions does migration lead to stay-at-home development?
- Best practices in guest worker programs that rotate workers in and out of labor force
- Governance and numbers-rights trade offs. Differences motivate migration, but norms call for equal rights after arrival. What if rights have costs, and the demand for labor is negatively sloped? Concrete--GATS and minimum wages

Asia

- 60% of world's workers, 30% of world's migrants
- Similar export-led economic policies, dis-similar migration policies—Japan vs Singapore; GCC
- Labor senders—upskill, diversify destinations, assume development

Labor Receivers

- Japan and Korea--from ethnics and trainees to migrant workers?
- Taiwan, southeast Asia--evolving structural dependence on migrants?
- GCC--balancing fast labor force growth, migrants dominate private sector, and issues with migrant protection

Labor Senders

- Upskill migrants--send more skilled workers abroad
- Improve protection--more skilled can better protect themselves
- Assume development follows from more remittances
- What role for govt in upskilling, protection, and development?

Trade, FDI, ODA

- Trade--produce in one country and consume in another; substitute for migration vs migration hump
- FDI--create jobs and reduce migration pressure; motivation is profits
- ODA: what role in reducing out-migration?
- Trade and ODA vs intervention

Remittances to Idcs

- Increase 3x--from \$60 billion in 1995 to \$190 billion in 2005
- Why remittances up? More migrants, more formal remittances, dollar depreciation
- More labor migration, more remittances, and faster development?
- GFMD--link migration and development agencies to foster protection, growth, and development

Conclusions

- Migration: a process to be managed, not a problem to be solved
- Migration: analysis of choices between competing goods, not bads and goods (food prices and farm wages)
- Migration policy --avoid extremes between no borders and no migrants extremes

Three Predictions

- More migration and more debate
- Best policy--get the fundamentals correct, e.g. encourage all small business, not migrant small business
- Until then: anyone with a solution does not understand the problem; anyone who understands the problem does not have a solution

Thank You

- More information:
- <http://migration.ucdavis.edu>