Managing Labor Migration in the 21st Century

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3 Themes

• Migration low, pressures rising. Policy response--adjust migrant rights
• Managing migrants at the top and bottom of the job ladder
• Recruiters: the glue in the international labor market?
Caveats

• “Man [woman] is the most difficult luggage to move over borders.” Adam Smith

• Unanticipated consequences of migration policies

• The perfect is the enemy of the good.
Why so little migration?

• Inertia: most people stay near family and friends
• Governments regulate entries and stays
• Economic development and convergence reduce incentives to migrate
Why so much migration?

- Demographic differences: Europe vs Africa global population shares, 1800, 2000, 2050
- Economic differences: Average per capita, $5,000: range, $100 to $40,000
- Other differences, networks, and 3 revolutions
Shares of Global Population, Africa and Europe, 1800, 2000, 2050

- Africa
- Europe
Ratio of Per Capita GDPS, High to Low and High to Middle income countries, 1975-2000
Other and 3 Revolutions

• More countries: 43 in 1900, 191 in 2000, and migration to get the “right people” inside the “right borders”

• Revolutions in communications, transportation, and rights

• Policy: Manage migration by adjusting rights
Professional Migrants

• Educational selectivity and cumulative loss

• Advantages to receiving countries:
  • Fill vacant jobs that require training quickly
  • Reduce wage-inflation pressures
  • Increase productivity on diverse teams
Dealing with Professional Migrants

• Keep in touch with Diaspora

• Human capital replenishment funds

• Permit private financing of education in countries sending professionals abroad
Other Guest Workers

• From 1960s macro to 1990s micro programs
• Recruitment stops and irregular migration amidst high unemployment
• “Labor shortages” in particular sectors and areas
Why not let wages rise?

- Help industries to adjust to new global competition
- Jobs are seasonal or in remote areas
- Increase productivity of complementary local workers, e.g. second shift and new equipment in meatpacking
Distortion and Dependence

• Distortion: employers learn rules and depend on migrants

• Dependence: migrants, their families and regions depend on foreign jobs and remittances
Add Economic Incentives

• Give migrants unique tax numbers:
• Refund migrant payroll taxes to encourage returns and provide savings that can be matched for investment
• Use employer payroll taxes to help the industry adjust to fewer migrants
Keys to success

• Cooperation between sending and receiving countries to promote adherence to program rules

• Partnerships between government and employers to plan adjustments, as with processing tomato industry

• Minimize irregular migration and eventual earned legalization
Recruiters: labor market glue

• Job Matching: from direct employer recruitment and public employment service to networks and fee-charging recruiters

• Tendency: employers pay recruitment costs for professionals, other migrants pay recruitment costs

• Issue: how to reduce recruitment costs
Reducing recruitment costs

- Educate migrants on recruitment services and allowable fees (usual 1 month’s wage)
- Regulate recruiters directly with licenses and bonds; joint liability?
- Encourage competition to increase options and lower costs—encourage multinationals like Manpower to participate
Managing Labor Migration

- Issue: make guest worker programs work closer to goals and thus keep doors open to migrant workers
- No magic bullet or one-size-fits-all guest worker program
- Economic incentives can reinforce program rules
PACKER INC

Standard

In Ag. Labor
WORKERS NEEDED
CORTADORES DE LECHEGA
LETTUCE CUTTERS

Corte de Coliflor
Pepper Transplant
Corte de Brocoli

Corte Esparragos

Corte lechuga Mixta
Corte lechuga Bola