Labor Migration Development Indicators in the Post-2015 Global Development Framework

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December 10, 2012
Highlights

• Migration can speed achievement of 8 MDGs
• M&D in migrant-sending countries: 3 R channels:
  – Recruitment: who goes abroad, how, what effects on sending country (virtuous and vicious M&D circles)?
  – Remittances: how much, what costs, who receives, how spent, what investments?
  – Returns: how many, who, what do they do after return? Circulation?
• Challenges: open more doors to migrants from LDCs in MDCs; ensure that M accelerates D
• Migration: a process to manage, not a problem to solve
MDGs and Migration

- 8 MDGs, 21 targets, 60 indicators: adopted in 2000, to be achieved by 2015
  - 3 pillars: raise basic living standards, increase socio-economic rights, improve infrastructure
  - Migration = ONE way to speed progress toward MDGs; both internal & international

- Migration = change: migrants, CODs and COOs
  - Exposure to new economies and societies; new ideas and aspirations
  - Expand economies of CODs; can also expand economies of COOs, that is, migration CAN help non-movers as well
Eight MDGs: progress by region

MDG1 - Percentage of people living on < $1/day
MDG2 - Net primary enrolment rate (%)
MDG3 - Ratio of girls to boys enrolled in school (%)
MDG4 - Under 5 mortality rates (deaths/1000 live births)
MDG5 - Percentage of births attended by skilled personnel
MDG6 - Married women using contraception (%)
MDG7 - Percentage of forest area that remains
MDG8 - Countries with democratic governments (%)
Opening Doors to Migrant Workers

• World Bank (2006): adding 50% to migrant stock from LDCs in MDCs would increase global GDP > than Doha round’s freer trade; dismantling ALL barriers to migration would increase global GDP of about $75 tril (PPP 2010) by 2x or 3x

• Why not open doors? Most gains from migration accrue to migrants; distributional effects within migrant-receiving countries & losers object; migration means change, for migrants & non-migrants in COO & COD

• What ifs? Migrants add to U rather than E, failure to integrate, crime = restrictionism
M&D: 3 R channels: Recruitment 1

• Recruitment: who migrates, and with what effects in COD and COO? Migration as an investment: youth most likely to move
  – Virtuous M&D circles: some migration now means less migration in the future as migration creates jobs (Indian IT)
  – Vicious M&D circles: some migration now means MORE migration in the future as key resources depart (African brain drain in mgt & health care)

• Key point: no automatic M & D link; policy & initial conditions matter; no easy answers (brain gain via brain drain)
Migration as investment: what policies can affect A & B?

![Diagram showing earnings over years for A and B, with Migrate and Stay at home options.]
Indian IT: abroad and at home; African professionals migration
M&D: 3 R channels: Recruitment 2

• Recruitment issues:
  – LMI provided by govts; tax-supported employ exchange
  – Recruit fees as share of salary rise as skill levels fall
  – The lower the skill, the more likely worker pays (in lower wages or up-front fees)
  – Helping vulnerable low-skilled workers: is more training in COO the answer? Who pays?

• Best mechanism to establish recruitment norms:
  – ILO conventions and recs (workers do not pay)
  – Pri market: how much are workers willing to pay?
  – Govts: unilateral, bilateral, regional, global norms?
LMI: provided by government to help employers & workers
What response to employer requests for migrants & projections?

### 20 Occupations with the highest percent change of Employment between 2010-20

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Growth Rate, 2010-20</th>
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<tbody>
<tr>
<td>Personal Care Aides</td>
<td>70%</td>
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<tr>
<td>Home Health Aides</td>
<td>69%</td>
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<tr>
<td>Biomedical Engineers</td>
<td>62%</td>
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<tr>
<td>Helpers--Brickmasons, Blockmasons, Stonemasons, and Tile and Masonry Helpers</td>
<td>60%</td>
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<td>Helpers--Carpenters</td>
<td>56%</td>
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<tr>
<td>Veterinary Technologists and Technicians</td>
<td>52%</td>
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<tr>
<td>Reinforcing Iron and Rebar Workers</td>
<td>49%</td>
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<tr>
<td>Physical Therapist Assistants</td>
<td>46%</td>
</tr>
<tr>
<td>Helpers--Pipelayers, Plumbers, Pipefitters, and Steamfitters</td>
<td>45%</td>
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<tr>
<td>Meeting, Convention, and Event Planners</td>
<td>44%</td>
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<tr>
<td>Diagnostic Medical Sonographers</td>
<td>44%</td>
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<tr>
<td>Occupational Therapy Assistants</td>
<td>43%</td>
</tr>
<tr>
<td>Physical Therapist Aides</td>
<td>43%</td>
</tr>
<tr>
<td>Glaziers</td>
<td>42%</td>
</tr>
<tr>
<td>Interpreters and Translators</td>
<td>42%</td>
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<tr>
<td>Medical Secretaries</td>
<td>41%</td>
</tr>
<tr>
<td>Market Research Analysts and Marketing Specialists</td>
<td>41%</td>
</tr>
<tr>
<td>Marriage and Family Therapists</td>
<td>41%</td>
</tr>
<tr>
<td>Brickmasons and Blockmasons</td>
<td>41%</td>
</tr>
<tr>
<td>Physical Therapists</td>
<td>39%</td>
</tr>
</tbody>
</table>

Source: Occupational Outlook Handbook (BLS)  
www.economicsfanatic.com
Is there a trade off between migrant worker numbers and rights?
M&D: 3 R channels: Recruitment 3

• Recruitment puzzles:
  – Why does Western Union dominate remittances but Adecco and Manpower avoid int’l low-skilled recruitment?
  – Why are most COO recruitment agencies in capital cities when many migrants are in rural areas?
  – What can be done to certify or upgrade migrant skills before departure?

• What potential for moving clients to workers?
  – GATS Mode 2: from tourism to health-care tourism?
  – Would more Mode 2 eventually help to liberalize Mode 4?
MEET YOUR RECRUITER

People are not commodities!
End Human Trafficking - Modern Day Slavery!
People are not possessions!
People are not disposable!

People are not for sale!

bStreet.com - 1 Job Site in the Philippines
5,000+ Overseas Jobs
Recruitment: Post 2015 Indicators

• WHO is in the recruitment business? If multinationals, then standardization of costs & potential for loans against valid contracts

• How many bilateral/regional agreements that set maximum recruitment fees and apportion costs between employers & workers. Enforce?

• Number & stability of recruiters:
  – Govts react: new regs and penalties after violations
  – Would ABC rating system promote compliance?, benefits for A-rated, and count of A-rated recruiters as indicator
Who moves workers over borders? What costs, and who pays?
How many bilateral agreements and MOUs?
What recruitment cost provisions?
ABC Recruiter Ratings? Rules to foster a race to the top?
M&D: 3 R channels: Remittances 1

- Remittances: the easiest M&D channel to measure
  - $372 bil to ldcfs in 2011, >$1 bil/day
  - Surpassed ODA in mid-1990s, have continued to increase
- Big 4: India, China, Mexico, & Philippines receive almost half of total remittances; remittances largest share of GDP in ex-USSR (Tajikistan)
- Govt cooperation since 9/11: encourage migrants to send remittances via regulated financial institutions by making such transfers easier and cheaper
Remittances to LDCs: over $1 billion a day and rising

Figure 1: Remittances and other resource flows to developing countries
Top 10 recipient countries;
Top 10 remittances as share of GDP

Box figure 1: Top 10 recipients of migrant remittances
(US$ billion, 2012e)

Box figure 2: Top 10 recipients of migrant remittances as a share of GDP
(% of GDP, 2011)
Remittance costs as share of transfer: about 7.5%; lower in Gulf, higher in Europe and Japan.
M&D: 3 R channels: Remittances 2

• Maximizing remittances to COOs:
  – Have appropriate exchange rate
  – Ensure investment opportunities; make it easy to establish a small business

• Some potential for steering remittance investments: Mexico 3x1 and similar programs that rely on diaspora donations and match with local development funds

• Avoid forced remittances and taxing remittances:
  – Forced remittances: some migrants do not get their money back (Braceros, Caribbean)
  – Posting workers abroad: who gets wage wedge
Contribute extra remittances with matching programs?
M&D: 3 R channels: Remittances 3

• Maximizing development impacts of remittances:
  – Remittances raise incomes in families receiving them, reduce poverty
  – Change consumption patterns: more education and health care

• Other effects:
  – Positive: Can help non-migrants via multiplier effects
  – Negative: can lead to Dutch disease: higher ER that chokes off exports
  – May be spent “non-productively,” as with escalating land and dowry prices
Maximizing remittances and their development impacts: Dutch disease?

Vicious Policy Cycle

- More remittances
  - Little pressure to improve policy weaknesses

- More Migration
  - Inadequate Investment Climate
  - Limited Job Opportunities
    - Low Growth
      - Low Private Investment

- Appreciation of Exchange Rate
  - Massive increases in primary export revenue

- Oil Revenues
  - Temporary appreciation of the exchange rate
  - Exports become more expensive to the rest of the world

- Decrease in World Demand for Non-Oil Products
  - Exporters of non-oil products produce less
  - Reduction in the income and employment of the non-oil export industries
Developing-country migrants have $400 billion in savings abroad: Diaspora bonds like Israelis and Indians for infrastructure projects ($40 billion raised)?
Remittances: Post 2015 Indicators

• Macro remittance indicators:
  – Comparisons with other financial flows, including ODA, FDI, share of GDP etc, ER and Dutch disease, trade and investment flows
  – Cost of transferring remittances from one country to another; WB and Western Union databases

• Micro remittance indicators:
  – Effects on income and spending in families receiving remittances (household surveys)
  – Effects on investment: formal and informal
  – Multiplier effects of remittance spending on local economies, typically $1 spent =$2 in economic active
M&D: 3 R channels: Returns

• How many, who, and why:
  – How many migrants return? What share from various countries; distinguish seasonal from long-term
  – Return of success abroad vs return of failure: achieve savings target and return to invest etc versus return to rest and go abroad again?

• What do returned migrants do after return?
  – Work and use newly acquired skills and attitudes
  – Entrepreneurs who use new skills and capital to create or enlarge business

• Diaspora: Settle abroad, but maintain links to COO and promote COO-COD ties
O.F.W. Philippine Heroes

I salute! You deserve respect!

Philippine Economy Army (PEA)
Returns: Post 2015 Indicators

• How many, who and why:
  – Survey returning migrants at COO ports of entry
  – POE & household surveys for plans to go abroad again

• What do returning migrants do? What effects?
  – Learn about work and investments (household vs...
    • Modify labor force survey to obtain information on who
      worked abroad, has relatives employed abroad etc
    • Ask new business startups about foreign work experience,
      compare regions with more and fewer returned migrants

• Diaspora development: migrants who circulate
  – How many, how often do they return, with what effects
    on development (POE surveys, HH surveys)
3 Major Conclusions

• Migration can speed achievement of MDGs:
  – MDGs focus on ends, reducing hunger etc.
  – Migration is one means to achieve MDG ends

• Prying open doors in CODs (countries of destin)
  – Welcome the skilled, rotate the low-skilled policies
  – To open doors wider for low-skilled, align employer & worker incentives with guest worker rules

• Grand Bargain: framework that acknowledges trade-off between numbers & rights and develops 21st century options, e.g. refund some migrant payroll taxes & match for development