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FOREWARD

Dr. Stace Birks and Dr. Clive Sinclair, the authors of this study, are affiliated with the Department of Economics, University of Durham, England. They have conducted considerable research on labor migration in the Near East, and have recently completed a comprehensive series of reports on this topic for the International Labour Office (ILO). The present study provides an overview of Near East migration, and discusses the policy implications for the Agency for International Development.

International migration of labor is a key factor influencing the development of countries in the Near East and North Africa. Labor is supplied to capital rich, oil producing countries by their capital poor neighbors. This migration has made an important contribution to the development of the wealthier countries. However, the impact of labor emigration on the development of capital poor countries is unclear. Migrant remittances constitute a potentially important source of foreign exchange. On the other hand, migration may result in severe shortages of skilled and unskilled labor in some capital poor countries; this lack of labor manpower can be an important constraint to development. Also, the return of labor to capital poor countries, which the authors suggest may increase in the future, may cause problems of unemployment because national economies may be unable to expand rapidly enough to absorb sudden increases in labor supply.

There are a number of important issues and questions concerning labor migration in the Near East. What are current levels and patterns of migration? How will these patterns change in the years ahead? What are important migration and development policies for capital poor countries and for international donor agencies? What policies are needed in the short, medium and long term? These and other issues and questions have been skillfully explored by Drs. Birks and Sinclair. Their study provides a useful guide to both increased understanding of labor migration and improved policy and programs for development of Near East countries.

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PART 1. INTRODUCTION, SUMMARY AND ABBREVIATED CONCLUSIONS

Preface

1A This Report is derived from the research carried out by Dr. J. S. Birks and Dr. C. A. Sinclair whilst they were co-directors of the International Migration Project. This was a study commissioned by the International Labour Office as part of the World Employment Programme, Migration for Employment Project. The aim of the project is to investigate the implications of international migration movements from low-income to high-income countries for economic and social policymaking.

Supported by the United Nations Fund for Population Activities, the I.L.O. initiated a wide range of stocktaking and evaluation activities, of which the International Migration Project was part.

The views expressed in this report are not necessarily those of the International Labour Office, or of any other international agency or government with which the authors have been or are associated.

The authors alone are responsible for what is included in this report.

1B The Form of the Report

The report covers the labour market of the Arab Near East as defined to include the Maghrib, North Africa, the Nile Valley, the Levant and the Arabian peninsula. Mauritania and Turkey are excluded except insofar as they bear relevance to the focus of the study.

The main focus is the capital poor labour supplying countries of : the Arab Republic of Egypt; the Democratic Republic of the Sudan; the Hashemite Kingdom of Jordan; the Syrian Arab Republic; the Sultanate of Oman; the Yemen Arab Republic; the Republic of Tunisia; and the Kingdom of Morocco.

The analysis begins with a review of the wealth and human capital endowments of the major Arab states, and analyses the contrasting forms of economic development that have arisen from these resource distributions. These patterns have resulted in high-income and low-income countries developing at startlingly different rates, and comprise the economic foundations for the system of international migration for employment. The patterns of migration are then described, and the impact of the transfers of labour on the shape of industrial development in the oil exporting states outlined.

Part 3 consists of detailed analysis of the nature of and effects of international migration for employment upon the Arab labour supplying states. In each case, what appears to be the most acutely damaging or most beneficial aspect of labour exporting to the particular country is highlighted within a general framework of discussion.

The study of each of these individual country assessments concludes with statements of suitable policy aims and directions with respect to migration for employment. These serve as guides to possible USAID action in these states.

In part 4, these individual country policy statements are cast in the overall trends of the Arab region's labour market. The demand for and supply of labour are projected to 1985 in order to demonstrate policy priorities and the rapid rates of economic change under which the labour suppliers' policies have to be shaped and effected.

Part 5 demonstrates the broad regional issues which have to be faced by the labour supplying states, which hinge around their dependance upon the capital rich countries of employment. Stemming from this is the temporal, economic and political framework within which USAID should consider the avenues of action in the Arab Near East.

Part 6 comprises a note on compensation. Without this, the report would have been incomplete, in view of the importance of compensation as an issue in the region.

1C Summarised Conclusions and Policy Statements

Most generally two factors are of overriding significance.

(a) The widening gap between capital rich and capital poor countries, which is not being reduced, but which is probably being aggravated by migration for employment.

(b) The likelihood of large scale unemployment occurring in the medium term in the capital poor states as their labour returns home after being discarded by the capital rich countries of employment.

The authors predict a turn about in the international labour market in the Arab world. This will be of crucial significance to the Arab labour suppliers upon which the report is focussed : at the present their chief problems and preoccupations are with labour shortages and problems of effective utilisation of remittances. Although these problems are acute, we assert they are transitory. Opportunites in the capital rich states for Arab labour from the capital poor states will diminish rather than grow. In fact, despite continued economic growth of the oil exporters, employment of Arab migrant workers could fall sharply.

In this event, a new more intractable set of problems will be facing the capital poor states. They will experience a net return of large numbers of erstwhile migrant workers, and consequently extensive unemployment contemperaneous with declining remittance levels.

As investment for economic growth and employment creation becomes increasingly constrained by foreign exchange shortages, so the existing social and political order in these capital poor states will be increasingly tested.

The authors suggest a regional labour market strategy in an attempt to predict and stabilise labour flows. This is an essential medium to longterm strategy to ease the impact of vacillations in demand of the labour markets of the capital poor states. This strategy should be part of an attempt to attain some stability of labour demand. With a fall in inflation this would create a climate within which attempts should be made to engender economic growth and an increase in real incomes in the non-oil endowed states.

In short, the authors feel it essential, because of the rapidity of change in the Near East, to look beyond the present state of affairs, to the near future, when the labour market will be of markedly different characteristics from those existing today.

Present day problems associated with the role of these capital poor states are, however, not ignored. They are analysed in detail, and the numerous paths of action to minimise the deleterious impacts of migration for employment are described and evaluated.

Efforts must be made to utilise remittances in the national interest rather than individual interest, by encouraging use of bank accounts for transfers; instigating development bonds, and storing foreign exchange reserves for the future. Agriculture must be protected in the short term, so as to maximise its longer term potential. Positive government action is recommended to encourage migrants to return, rather than negative efforts to prevent their departure to seek work, for example. The need to monitor economic development in the oil exporting states is stressed. Other such policy details are covered in section 3. The acute shortcomings of schemes advocating compensation for countries' exports of labour are detailed in Part 6.

Above all, though, planners in the region who intend to aid the capital poor states must not devote themselves totally to the plethora of opportunities for action in the short term, under present day conditions of labour shortage. Much can and should be done to make more effective the ad hoc policies already in train to maximise benefits from migration for employment to all parties involved. Care should be taken, however, that such actions do not make conditions worse for the capital poor states in the future, when their labour is only demanded in much smaller numbers by the oil rich states.

Part 2. THE BACKGROUND TO AND GENERAL PATTERNS OF MIGRANT LABOUR MOVEMENTS IN THE ARAB WORLD

2A Introduction

In 1975 there were over two and a half million Arab workers and their dependants living in Arab states other than their own[(1)]. Since then the number of Arab workers living outside their home nation has risen by some 9 per cent; in early 1979 it is estimated that there were 1,570,000 Arab workers living abroad[(2)].

Apart from these Arab migrants, in January 1979, the authors estimate that there were some 975,000 non-Arab migrant workers employed within the Arab world. In total there were over 2,500,000 migrants for employment in the Arab Near East in 1979.

The sheer volume of migration for employment, its relative importance within the labour market of the Arab world, the impact that migration for employment has upon economic development, and the mutual interdependance between nations that labour exporting and importing brings about have made migrant labour movements a leading issue of the contemporary Near East.

The concern with labour migration of national governments within the area has grown as they have perceived the advantageous and deleterious impacts of migration for employment upon economic development. Consequently, international transfers of labour are featuring increasingly in social and economic planning within the Arab world.

Despite a contemporary concern with international migration for employment in virtually all countries of the Near East, there has not yet been any regional or unified approach to what is acknowledged to be a challenging issue. Even national policies have been slow to evolve beyond a short term and ad hoc basis. As a result, government action in the Near East directed toward labour movement has been pragmatic, changeable, inconsistent and often contraditory. The only characteristic that policies have shared is relatively ineffective application.

Consequently the patterns of labour movement, resulting from some extraordinarily powerful labour market forces, have become deeply entrenched. The desire of the oil exporting nations to develop rapidly has tended to overshadow other longer term considerations of economic or social planning. As a result, the flows of migrant labour have become, of themselves, a major determinant of the nature of economic development in both labour supplying and labour importing states.

This significance of labour movement has caused both countries of origin of migrant labour, and countries in which the migrants find employment in the Arab world to consider international exchange of manpower as one of their most crucial policy issues of the next decade. A range of issues from continued economic development to political stability depends upon answers that planners produce to maximise the returns from migrant labour movements to all governments and individuals concerned.

The importance of evaluation of migration for employment and its impact in the Near East is therefore considerable to all international agencies and aid donors with interests in the area.

2B The Distribution of Wealth in the Near East

The direction, volume and pattern of international migration for employment are determined essentially by the uneven distribution of oil wealth in the Near East and the investment of this oil wealth. The exploitation of oil resources,and the investment of royalties to develop the domestic economies of the oil rich states have led to wide disparities of economic development and per capita income between the Arab states. It is this range of per capita incomes which has determined the fundamentals of international labour movements in the Near East.

Oil exporting and non-oil exporting states can be referred to as "capital rich" and "capital poor" states respectively[3]. This crucial distinction underlies the migration system.

Capital rich and capital poor states can best be distinguished by reference to gross national product per capita. Table 2.1 ranks the major Arab states by gross national product per capita.

The Table shows gnp per capita ranging from almost $16,000 in Kuwait down to $250 for the Yemen Arab Republic[4] It is this disparity, exaggerated in effect by the relatively short geographical distances over which it occurs, that is the essential motivating force behind migration for employment in the Arab world. The authors choose to distinguish three clusters of states according to gnp per capita:

(a) The true capital rich states enjoy per capita incomes in excess of $4,000.

Table 2.1. Selected Arab States : Ranked by Gross National Product per capita, 1976

State	Gnp per capita US $
Kuwait	15,840
United Arab Emirates	13,990
Qatar	11,400
Libyan Arab Jamahiriya	6,310
Saudi Arabia	4,480
Oman	2,680
Bahrain	2,140
Iraq	1,390
Tunisia	840
Syria	780
Jordan	610
Sudan	290
Yemen (PDRY)	280
Egypt	280
Yemen (YAR)	250

Source: World Bank, 1978, Table 1, pp. 76-77 and p. 114.

(b) The capital poor states, falling at the bottom of the ranked Table, have per capita incomes of less than $1,000 which range from $840 to $250. Four countries listed have a particularly low level of gnp *per capita* : the Republic of the Sudan, the Peoples' Democratic Republic of Yemen, Egypt and the Yemen Arab Republic.

(c) The states of the Sultanate of Oman, Bahrain and Iraq fall into an intermediate group, between the capital rich and capital poor. This is because of relatively meagre oil endowments in the cases of Bahrain and the Sultanate of Oman. In the case of Iraq, however, it is the large national population which serves to deflate the value of gross national product *per capita*. Indeed, as will be shown, differences in population size account for the major part of the variation in per capita incomes amongst the capital rich states in the Table[5].

State incomes from oil are shown in Table 2.2. Those Arab states missing from this Table generally fall into the capital poor bracket.

Table 2.2. Major Near East Oil Producers : Production and Revenues from oil 1977

State	(million barrels a day)	($ billion)
Saudi Arabia	8.8	37.8
Iran	5.2	23.0
Iraq	2.1	9.6
Libya	2.0	9.4
Kuwait	1.9	8.5
United Arab Emirates	1.9	8.3
Algeria	1.1	5.6
Qatar	0.4	1.9

Source: Shell Briefing Service, 1978, p. 9

In the Near East (including Iran), Saudi Arabia dominates in terms of oil exports and oil revenue. The Kingdom enjoys revenues almost four times those received by the next most important Arab oil exporter - Iraq. The exports of oil from Iraq, Libya, Kuwait and the United Arab Emirates are all of the same order - they each receive between $8 and $10 billion per annum. Their differential ranking in Table 2.1 is explained by the marked variations in the national populations of these states (see Table 2.3).

2C Populations of the Arab States

It is because the national population of Saudi Arabia (at 4,593,000) is, relative to Kuwait (472,000) and Libya (2,089,000), quite large, that these latter two states rank above Saudi Arabia in terms of gnp *per capita* (Table 2.1).

Table 2.3. Major Arab States : Indigenous Populations Ranked by Size

State	Indigenous Population	Year
Egypt	38,228,000	1976
Morocco	18,400,000	1977
Algeria	16,940,000	1977
Sudan	14,113,600	1973
Iraq	11,124,000	1975
Syria	7,335,000	1975
Tunisia	5,570,000	1975
Yemen (YAR)	5,037,000	1975
Saudi Arabia	4,592,500	1975
Jordan	2,616,700	1975
Lebanon	2,400,000	1975
Libya	2,087,900	1973
Yemen (PDRY)	1,660,000	1975
Oman	550,000	1975
Kuwait	472,100	1975
Bahrain	224,700	1976
United Arab Emirates	200,000	1975
Qatar	67,900	1975
Total	131,619,400	

Source: Author's estimates from official sources, see International Migration Project Country Case Studies for details of the derivations.

In terms of potential economic development, it is a cruel irony that, generally speaking, in the Arab world it is the states without oil which have the larger populations. In fact Egypt, the most populous state in the Near East with 38,228,000 inhabitants, does have oil, producing over 400,000 barrels of oil per day. This is an amount equivalent to Qatar's production. All of Egypt's oil, however, is used domestically, and the fact that her population is 630 times as large as Qatar's means that Egypt ranks firmly near the foot of the league table of *per capita* incomes.

Table 2.3 shows that the range of national population sizes of Arab states is considerable. Egypt's 38,200,000 is followed by Morocco (18,400,000), Algeria (16,900,000) and the Sudan (14,100,000). In contrast, tiny Qatar only comprises 68,000 nationals the United Arab Emirates are rather larger at 200,000 (though the wealthier and most important Emirates of Abu Dhabi together only have less than 100,000 nationals); of the same scale is Bahrain with 225,000 nationals. Kuwait and the Sultanate of Oman are slightly larger with national populations of 472,000 and 550,000 respectively.

Of the true capital rich states, only Iraq has a substantial population (11,100,000). Iraq's particular combination of resources - a substantial population, large oil endowment, and extensive cultivable area - suggests an especially large potential for economic development.

The two capital rich states of the Kingdom of Saudi Arabia and Libya, with populations of 4,600,000 and 2,100,000 respectively, are already finding that even these numbers do not comprise a sufficient population from which to draw a labour force to man a modern industrial sector. Nor do they amount to a substantial domestic market.

Population growth is serving to aggravate the differences in wealth between the Arab states shown in Table 2.1. Despite their considerable differences in size and financial wealth, all the indigenous populations of the region have in common a high rate of population increase. Few states have natural growth rates of less than 2.5 per cent; many are growing at much higher rates.

It is the varied absolute scale of national populations combined with differing resource endowment in the Arab world which make these high growth rates so significant. At recorded rates of increase, Kuwait's indigenous population is doubling every 16 years. Egypt's doubles every 30 years. However, when (at present growth rates) Kuwait's population doubles in 1991, her indigenous population will be about 950,000; Egypt's population will then be some 55 millions.

Such continued population growth in the capital poor states makes substantial improvement in per capita gross national product difficult to effect. Indeed, already in the case of Egypt and Morocco, population growth is regularly cited as the most serious obstacle to improvement of living standards and economic development[6]. The impact of population growth upon the attempts at economic development in Egypt will become yet more acute in the future. In several of the capital poor states, growth at constant prices in per capita terms is very small; they can only just maintain present standards of living. Yet it will be several years before the present high fertility rates fall sufficiently to slow the growth of population in the capital poor states.

In contrast, there is no particular reason for capital rich states to constrain their rate of natural population growth. Indeed, they would be expected to continue to encourage population growth. Their national populations are small, so that absolute numbers involved in increases are of a completely different order to those encountered in the capital poor states. Moreover, these capital rich countries perceive themselves as being short of manpower, and so are prepared to encourage population growth in order to secure larger national workforces in the future[7].

In any case, given the supplies of capital available in these oil exporting states, real growth in per capita terms will continue, and could accelerate further, even with sharp rates of population growth. Under these circumstances it is ironic that the demographic transition - the falling away of fertility rates, with consequent slowing in the rate of population growth - will certainly occur first in the capital rich states (despite their pro-natalist policies). This means that population growth in the Arab world will serve to increase the differentials in personal incomes and wealth within the Arab world over the remainder of this century.

It is probable that the capital poor will experience falling levels of gross domestic product in real terms per capita, whilst the capital rich will continue to forge ahead with further economic growth.

2D The National Labour Forces of the Arab States

Table 2.4 shows the labour forces of some capital poor Arab states. The overall crude participation rate is almost 30 per cent. This rate would, in the authors' view, be significantly higher if all women who work on the land were consistently recorded in censuses and in employment surveys as "in employment". In fact they are rarely so recorded and therefore are generally omitted from discussions of the workforce; it should be borne in mind though, that women feature significantly in agricultural employment in all the countries listed on Table 2.4.

Table 2.4 Capital Poor States : National Populations and Workforces ranked by Size, 1975

State	Population	Workforce	Crude participation rate (%)
Egypt	37,364,900	12,522,200	33.5
Sudan	15,031,300	3,700,000	24.6
Syria	7,335,000	1,838,900	25.1
Yemen (YAR)	5,037,000	1,425,800	28.3
Jordan (East Bank)	2,616,700	532,800	20.4
Yemen (PDRY)	1,660,000	430,500	25.9
Total	69,044,900	20,450,300	29.6

Source: As in Table 2.3

The most relevant point to this analysis is the general scale of these workforces. Only the Yemen (PDRY) has a labour force of less than 0.5 million by the relatively limited definition (excluding agriculturally active women) utilised here. This contrasts markedly with the labour forces of the capital rich states, listed in Table 2.5.

Table 2.5 Capital Rich States : National Populations and Workforces Ranked by Size, 1975

State	Population	Workforce	Crude participation rate (%)
Saudi Arabia	4,592,500	1,026,500	22.3
Libya	2,223,700	449,200	20.2
Oman	550,000	137,000	24.9
Kuwait	472,100	91,800	19.4
Bahrain	214,000	45,800	21.3
United Arab Emirates	200,000	45,000	22.3
Qatar	67,900	12,500	18.4
Total	8,320,200	1,807,800	21.7

Sources: These figures are authors' estimates, based on a large number of official and private sources; for derivation see Birks, J. S., and Sinclair, C. A., International Migration Project Country Case Studies.

In view of their population sizes (which in the states listed in Table 2.5 average some 1,040,000 people) the workforces of the capital poor states are obviously smaller, averaging 226,000.

Taken overall, the workforces of the capital rich states comprise 1,800,000 persons. This amounts to only less than one-tenth of the total workforces of the capital poor.

Examination of Table 2.5 shows that not only are the populations of the capital rich states smaller, but the crude participation rates in the capital rich states are also lower than in the capital poor states. The crude participation rate of the capital rich stands at less than 22 per cent (compared to almost 30 per cent in the case of the capital poor). Amongst the capital rich, the crude participation rates range from an extremely low 18.4 per cent in the case of Qatar, to 24.9 per cent in the Sultanate of Oman. Not only are workforces in the capital rich states small, they are smaller than would be expected from total populations of this size.

Three main factors lie behind the low crude participation rates of the populations of the capital rich states.

First, these populations are very youthful, a larger proportion being aged less than 15 years than in a more normally age-distributed population. For example, of Qatar's tiny population of 68,000, over 44 per cent are aged less than 15 years. In Iraq, almost 49 per cent of the population is aged less than 15 years. The figure for Saudi Arabia is also over 48 per cent(8). This large proportion of the population being youthful means that for each state, only a relatively small proportion falls within the age range from which the economically active are drawn. Therefore, in each capital rich state, the number in the labour market is considerably fewer than in similar sized populations with a more normal distribution by age.

Secondly, the large amounts of capital available to the governments of these capital rich states has enabled a widespread expansion of secondary and university education during the 1970s[9]. This has held within the educational system boys, and to a lesser extent girls, who would otherwise have entered the workforce at, say, age 18. This reduces the labour force significantly, its effect being compounded by the youthful age structure of the population.

Thirdly, the labour force is reduced by women not generally working in wage employment in these states, except in a limited number of professions; teaching, nursing, and in certain women's organisations. The number of employed women in the modern sectors of these states is very small.

Non-participation of women in the economy is partly a result of social and religious custom which frowns upon females working outside the home[10]. Both Saudi Arabia and Libya have legislated recently to reduce the numbers of women entering employment. Another reason for the exclusion of women from the workforce in the capital rich states is circumstantial. Typically, muslim women do work in traditional activities, in particular as farm workers, as in agricultural sectors of the Yemens and Oman and the capital poor states in general. However, in the Gulf states, the agricultural sectors, which were anyway limited in extent by climate, have decayed(11). In consequence, traditional employment for women has been lost, but not replaced by new opportunities in the modern sector. It should be noted, though, that the United Arab Emirates have recently taken a more positive attitude towards women's employment, expanding the numbers in the police and public administration.

Another factor depressing numbers of women working in the modern sector is their particularly low level of educational attainment - even lower than that of menfolk in these societies. Investment in education is rapidly changing this, however; increased participation of women in the modern sectors of the capital rich states is to be expected.

In view of the very limited size of the indigenous work-forces it is perhaps surprising that the capital rich states have embarked upon the course of domestic economic development that they have - one of rapid industrialisation.

The reasons behind and the nature of this development are now examined.

2E Economic Development of the Capital Rich States

The central problem facing the capital rich states, in particular since the oil price rises of 1973, has been, and is: how to maximise their oil income in the long run. Planners had a variety of policy options open within certain constraints, namely, the maximum rate of extraction of oil, the amount that could be sold, and uncertainties over the price.

Most of the oil exporting countries chose to extract and sell virtually as much oil as possible, facing subsequently the problem of what to do with the resulting surplus revenues; there are two alternatives - to invest the monies either (a) at home or (b) abroad(12).

The dependance upon the exporting of one resource for income was causing these oil exporting states concern. So was the <u>real</u> rate of return that investments abroad would yield. These factors, together with the need to recycle oil dollars created a strong incentive for the oil exporting states to industrialise their domestic economies.

Thereby they transformed financial capital into physical assets, which would yield an income independant of oil. Planners considered that general social and economic development would be engendered by the process of industrialisation. Establishment of heavy industry was also facilitated by the cheap source of power represented by natural gas.

Although the historical moment when modern development began in each capital rich state varied (largely according to how liberal leaders were in distributing wealth and welcoming change), the path of development in them all is remarkably similar. Conceptually, each oil exporter can be placed somewhere on this same path of development. The most wealthy states are not always the most modern: Saudi Arabia's development, for example, was slow until 1973. However, all the capital rich states have adopted very similar development objectives. They are following a common form and, since the oil price rises of 1973, a faster pace of economic development.

The shared features of the oil exporters economic development plans include a large and expanding government sector, ambitious industrial development programmes based upon heavy industry, and an ever increasing standard of welfare and income. Today almost every oil rich state of the Near East envisages industrialisation as an essential and central component of domestic development. This creation of industrial sectors has necessitated a rapid expansion in infrastructure provision, as have the burgeoning demands and aspirations of the national populations. As well as establishing industrial sectors, therefore, the provision of electricity generation plants, roads, distillation units, ports, airports, telephones, hospitals, clinics, schools and other physical and social infrastructure absorbed much government finance and effort.

Before 1973, industrialisation and infrastructure provision were proceeding at a relatively gentle pace. Infrastructure provision took much of the (relatively limited, compared to 1974) financial resources of the governments. Industrialisation was planned on a substantial, rather than spectacular, scale.

The 1973 oil price rises transformed the oil exporters' ability to invest in infrastructure, but particularly in industry. As a result, the pace of development in the oil exporting states accelerated dramatically as plans for heavy industrial areas and secondary industry were effected on a new scale, almost unprecidented in the Third World. However, a principal constraint to this economic transformation of the capital rich states was a shortage of manpower. Indeed, planners in the capital rich saw labour shortages as the major constraint to development, though patently shortcomings in the infant physical infrastructure provision of these states was also a major brake upon industrialisation.

The resulting demand for labour of virtually all skills and qualifications in the oil exporting states, remarkable in its strength because of the financial resources of the exporters combined with their urge to develop rapidly, is the essential motivating force, expressed in terms of high rewards for labour, behind the international labour migration system.

The effect of the economic development upon the region's labour market was great. Apart from the growth in employment in these capital rich states being from a very small base, the rapid growth in the demand for labour was aggravated by the capital rich states' embarking, together on their development plans' most labour intensive state - the construction phases.

In the capital rich states, the governments' response to this manpower shortage was to allow market forces to reign. Labour was imported with very little official constraint but for the process of obtaining visas. This became slow as the government departments granting entry permits were swamped by applications, and so acted as an informal rationing process[13].

Nevertheless, as is now well known, the result of the development of the oil exporting states was an inflow of workers of massive proportions. Most of these incoming workers originated in the capital poor states of the Arab world, whose contrasting experience of economic development is now examined.

2F Economic Development in the Capital Poor States

Unlike their oil exporting neighbours, the capital poor states have not experienced, and are not about to enjoy a spurt of economic growth. They can only expect to maintain their present level of development. Growth of gross domestic product, in real terms, is small, and on a per capita basis, is often falling, as in Egypt and Jordan[14].

Economic development in the capital poor Arab states resembles that in other developing countries in the Third World, being characterised by high rates of population increase, low domestic savings rates, low rates of growth of fixed domestic capital formation, with high rates of under- and unemployment. Recently, they have also been characterised by high rates of domestic inflation, associated with weak currencies.

As in most Third World countries, the rapid rate of population increase of the past two or three decades is largely responsible for many weak facets of their economies. It has resulted in a large share of resources being allocated to health services (which partly engenders further population growth), and education. Large numbers of educated leaving school as well as those with little schooling cannot find jobs, and governments have mopped up many of the erstwhile unemployed[15].

Industrial development in the capital poor states has been limited, and often unsuccessful. Typically of a capital intensive nature, the industrial growth which has taken place is not very effective in generating employment. Agriculture, which because of the limited industrial development, often provides employment for a large proportion of the labour forces in the capital poor states, is often in decline and in need of rationalisation, modernisation and investment(16). The inability of governments of capital poor states to expand productive employment, together with the paucity of alternative job opportunities in the private sector, has swelled the ranks of those who gain a living from the informal sector. Rural to urban migration has led to overcrowding in cities throughout the capital poor states, and in some cases living standards are extremely low. With the lack of formal employment, this internal migration has aggravated unemployment, underemployment, and contributed to the proliferation of the informal sector. The continued armed conflict with Israel has also drained the exchequers of Jordan, Syria and Egypt.

All this is in sharp contrast to capital rich states. Indeed the paths of development of the capital rich and the capital poor could hardly be more different. The contrasts are made more evident by their close geographical proximity. The capital rich states are confidently planning economic development on exotic levels (facilitated by oil endowments), while in the capital poor states all that planners hope to achieve realistically is the maintenance of <u>per capita</u> income.

So bleak have conditions in the capital poor states become that international migration for employment has seemed at times the only alternative to unemployment. It was therefore seen as an altogether healthy development.

Conversely, the capital rich states, embarked upon a path of rapid industrial development, have found that imports of labour have become an essential component of their economic growth.

The spontaneous nature of the international transfer of labour therefore appeared to be advantageous to all nations in the Arab world.

2G The International Transfers of Labour

The prevalence of unemployment and underemployment amongst the relatively large workforces of the capital poor states, together with the small indigenous workforces and ambitious development plans of capital rich states were the pre-conditions of the active labour migration system which has characterised the Arab world since oil was found. Since the 1950s there has been a steady transfer of labour from the capital poor to the capital rich states within the Arab world.

The demand for labour in the oil-exporting states reached a new pitch after 1973, when the new rate of economic development ensured. After this time, the demand for labour was both qualitatively and quantitively extensive, providing the workforces essential to such rapid development programmes. The scale of migration transformed as a consequence. So small are the indigenous workforces of oil rich states that today the migrant workers represent almost the entire workforce in some cases. In some sectors of the economy requiring specialised skills, immigrants do comprise the entire workforce.

Similarly, the scale of transfers of labour are such that substantial proportions of the labour forces of some of the capital poor states have been exported.

Table 2.6 illustrates the extent to which non-national labour contributes to the labour forces of the capital rich states in 1975. Even in the largest economy and labour market - that of Saudi Arabia - expatriate workers account for more than 40 per cent of the economically active. The countries with smaller economies, Kuwait and the United Arab Emirates, rely on migrant labour to the extent that 69 per cent and 85 per cent respectively of the labour force are non-national. Qatar, the smallest economy, depends upon a labour force in which more than four out of every five workers are expatriates[17].

The large majority of migrant workers in 1975 were Arabs. Table 2.7 shows that, in the principal countries of employment, Arabs accounted for 75 per cent of all migrants, Asians 17.6 per cent, Europeans 2.1 per cent and "others" about 5 per cent.

Overall, almost half of all migrants work in Saudi Arabia. Libya, the United Arab Emirates and Kuwait together account for 48 per cent. Of all migrant workers, Bahrain and Qatar, with their smaller economies, provided employment for 5 per cent of all migrant workers in 1975.

Most Arab migrants work in Saudi Arabia (57 per cent); this is only to be expected in view of the Kingdom's central position in the region, physical size, enormous oil revenues, commensurate development objectives and political inclinations.

Table 2.6 Employment by Nationality in Capital Rich States, 1975

State	Nationals' Employment	% of Total	Non-Nationals' Employment	% of Total	Total Employment
Saudi Arabia	1,026,500	57.0	773,400	43.0	1,799,900
Libyan Arab Jamahiriya	449,200	57.5	332,400	42.5	781,600
Kuwait	91,800	30.6	208,000	69.4	299,800
United Arab Emirates	45,000	15.2	251,500	84.8	296,500
Bahrain	45,800	60.4	30,000	39.6	75,800
Qatar	12,500	18.9	53,800	81.1	66,300
Total	1,670,800	50.3	1,649,100	49.7	3,319,900

Source: Birks, J. S., and Sinclair, C. A., International Migration Project, Country Case Studies.

Table 2.7. Migrant Workers by Ethnic Origin and Country of Employment, 1975

State	Ethnic Origin									
	Arab		Asian		European		Iranian, Turkish, African and other		Migrant workforce Total	% of Total column
	No.	% of state total	No.	% of state total	No.	% of state total	No.	% of state total	No.	
Bahrain	6,200	20.7	16,600	55.3	4,400	14.7	2,800	9.3	30,000	1.8
Kuwait	143,300	68.9	33,600	16.1	2,000	1.0	29,100	14.0	208,000	12.6
Libyan Arab Jamahiriya	310,400	93.4	5,500	1.7	7,000	2.1	9,500	2.9	332,400	20.2
Qatar	15,000	27.9	34,000	63.2	800	1.5	4,000	7.4	53,800	3.3
Saudi Arabia	699,900	90.5	38,000	4.9	15,000	1.9	20,500	2.6	773,400	46.9
United Arab Emirates	62,000	24.6	163,500	65.0	5,000	2.0	21,000	8.4	251,500	15.2
Total	1,236,800	75.0	291,200	17.6	34,200	2.1	86,900	5.3	1,649,100	100.0

Source: As Table 2.6

Table 2.8. Arab Migrant Workers in the Arab Region, 1975

Countries of Employment (% from country of origin)	Countries of Origin (% Distribution between Countries of Employment)												
	Egypt (%)	Yemen (YAR) (%)	Jordan and Palestine (%)	Yemen (PDRY) (%)	Syria (%)	Lebanon (%)	Sudan (%)	Tunisia (%)	Oman (%)	Iraq (%)	Somalia (%)	Morocco and Algeria (%)	Total (%)
Saudi Arabia (%)	95,000 (23.9) (13.6)	280,400 (96.6) (40.1)	175,000 (66.1) (25.0)	55,000 (77.9) (7.9)	15,000 (21.3) (2.1)	20,000 (40.3) (2.9)	35,000 (76.3) (5.0)	-	17,500 (45.6) (2.5)	2,000 (9.7) (0.3)	5,000 (76.4) (0.6)	-	699,900 (54.0) (100.0)
Libya (%)	229,500 (57.8) (73.9)	-	14,150 (5.3) (4.6)	-	13,000 (18.5) (4.2)	5,700 (11.5) (1.8)	7,000 (15.3) (2.3)	38,500 (99.6) (12.4)	-	-	-	2,500 (98.2) (0.8)	310,350 (24.0) (100.0)
Kuwait (%)	37,558 (9.4) (26.2)	2,757 (1.0) (1.9)	47,653 (18.0) (33.3)	8,658 (12.2 (6.0)	16,547 (23.4) (11.5)	7,222 (14.6) (5.0)	873 (1.9) (0.6)	49 (0.1) (0.0)	3,660 (9.5) (2.6)	17,999 (87.3) (12.7)	247 (3.8) (0.2)	47 (0.8) (0.0)	143,280 (11.1) (100.0)
U.A.E. (%)	12,500 (3.1) (20.2)	4,500 (1.6) (7.3)	14,500 (5.5) (23.4)	4,500 (6.4) (7.3)	4,500 (6.4) (7.3)	4,500 (9.0) (7.3)	1,500 (3.2) (2.3)	-	14,000 (36.4) (22.5)	500 (2.4) (0.8)	1,000 (15.2) (1.6)	-	62,000 (4.8) (100.0
Jordan (East Bank) (%)	5,300 (1.3) (16.2)	-	-	-	20,000 (28.4) (61.0	7,500 (15.1) (22.8)	-	-	-	-	-	-	32,800 (2.4) (100.0)
Iraq (%)	7,000 (1.8) (46.1)	-	5,000 (1.9) (32.9)	-	-	3,000 (6.0) (19.7)	200 (0.4) (1.3)	-	-	-	-	-	15,200 (1.2) (100.0)
Qatar (%)	2,850 (0.7) (19.2)	1,250 (0.4) (8.4)	6,000 (2.3) (40.3)	1,250 (1.8) (8.4)	750 (1.1) (5.0)	500 (1.0) (3.4)	400 (0.9) (2.7)	-	1,870 (4.9) (12.6)	-	-	-	14,870 (1.1) (100.0)
Oman (%)	4,600 (1.2) (52.3)	100 (0.0) (1.1)	1,600 (0.6) (18.2)	100 (0.1) (1.1)	400 (0.6) (4.5)	1,100 (2.2) (12.5)	500 (1.1) (5.7)	100 (0.3) (1.1)	-	-	300 (4.6) (3.5)	-	8,800 (0.7) (100.0) 0.5
Bahrain (%)	1,237 (0.3) (20.0)	1,121 (0.4) (18.1)	614 (0.2) (9.9)	1,122 (1.6) (18.1)	68 (0.1) (1.1)	129 (0.3) (2.1)	400 (0.9) (6.5)	-	1,383 (3.6) (22.2)	126 (0.6) (2.0)	-	-	6,700 (0.9 (100.0)
Yemen (YAR) (%)	2,000 (0.5) (85.1)	-	200 (0.1) (8.5)	-	150 (0.2) (6.4)	-	-	-	-	-	-	-	2,350 (0.2) (100.0)
TOTAL	397,545 (100.0)	290,128 (100.0)	264,717 (100.0)	70,630(100.0)	70,415 (100.0)	49,661 (100.0)	45,873 (100.0)	38,649 (100.0)	38,413 (100.0)	20,625 (100.0)	6,547 (100.0)	2,547 (100.0)	1,295,750 (100.0)
(%)	(30.7)	(22.4)	(20.4)	(5.5)	(5.4)	(3.8)	(3.5)	(3.0)	(3.0)	(1.6)	(0.5)	(0.2)	(100.0)

Note "-" indicates no migrants for this nationality recorded.

Source: Figures based on : Birks, J. S. and Sinclair, C. A., Country Case Studies, Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates, Libya, Jordan, Egypt, Sudan, Yemen Arab Republic, Oman, Syria, Morocco, Algeria, Tunisia. International Migration Project (Department of Economics, Durham University, 1977/78); and Current Estimates of International Migration Project Staff.

Together Kuwait and Libya account for an additional 37 per cent of all Arab migrants. Libya's proximity to poor Arab countries with relatively large populations (Tunisia and Egypt) explains the large number of Arab migrants there. The explanation for Kuwait's large Arab community corresponds to that given earlier for Saudi Arabia. In addition, the length of time for which labour importation has been established is important; Kuwait was one of the earliest oil exporters to develop. As a result, a tradition of labour migration to Kuwait has established, which ensures a constant supply of Arab labour.

Closer inspection of the characteristics of Arab migrants reveals that, in 1975, Egypt, Jordan and the Yemen Arab Republic together accounted for 73.5 per cent of the total migrant workforce (Table 2.8). Most Egyptian migrants in 1975 were working in Libya, though an estimated 95,000 (24 per cent) were in Saudi Arabia. Egypt's proximity to Libya is the chief explanation for their substantial presence there.

Almost all Yemeni migrants work in Saudi Arabia: not only does the Yemen Arab Republic border with Saudi Arabia but in 1975 wages were exceptionally high in the latter country.

Jordanians and Palestinian migrants in 1975 were working mainly in Saudi Arabia, but also in Kuwait, Libya and the United Arab Emirates. Migrants from this group are generally well educated and consequently highly mobile. They often occupy senior positions in government and business circles.

By 1975, some Asian labour was being used in the Arab world, but on a small scale. Only in the United Arab Emirates and the Sultanate of Oman did Asian labour make a substantial contribution to the labour force in 1975.

In 1975, the majority (57 per cent) of Asian workers in the Arab world worked in the United Arab Emirates (Table 2.7).

Indians and Pakistanis have long been involved in economic development in the Near East. As traders and entrepreneurs they had existed, in small numbers, under the traditional economic order in the peninsula. In World War II they were introduced in substantial numbers as part of the British war effort in the region. Subsequently, Indians and Pakistanis continued to make a contribution to the labour market, becoming associated with certain tasks and established in particular countries, such as Kuwait, Saudi Arabia and Bahrain. Until 1970, though, numbers of workers in the Arab world from the Asian sub-continent were small, and their participation informal and spontaneous.

2H The New Scale of Economic Development Transforms Migrant Labour Patterns - 1975

In 1975, Arabs provided the majority of migrant workers within the Near East at some 1.3 million out of a total number of migrants of about 1,700,000.

However, at that time several aspects of the labour market were changing, particularly in response to the transformation of the economics of the Arabian peninsula. The volume of demand for labour was increasing dramatically as spectacular development plans of the capital rich states were put into operation with enhanced oil revenues, and as industrialisation got truly under way.

By 1975 the development plans, redrawn at a new scale after the 1973 price increase, were being implemented. Targets embodied in them were being exceeded. The increased labour demand engendered by this rapid development of the capital rich states occurred just at the time when Iranians and Iraqi migrant workers were returning home. Iran and Iraq, which had previously supplied a significant amount of labour to Saudi Arabia and the Gulf States, began to develop their own economies, consequently large numbers of Iranians and Iraqis were attracted home by the prospect of opportunities in their own countries.

These changes, the expansion in labour demand and the contemperaneous withdrawal of part of the supply, increased markedly the pressure upon the capital poor Arab states to supply yet more manpower. This was experienced in the capital poor states as direct recruiting in Cairo, Amman and Khartoum of labour by concerns operating in the capital rich states, and by the offering of rapidly rising real wages in the capital rich states. However, by 1975, a relatively high proportion of all potential migrants in the Arab labour exporting countries was already working abroad.

Indeed, the proportion of workers abroad from Jordan (East Bank), the Sultanate of Oman and the Yemen (YAR) was close to one-third in 1975 (Table 2.9). In Syria, Egypt and the Sudan the number of migrants abroad, though forming a small proportion of their workforce, was also close to the potential number of workers who were prepared or able to migrate.

Table 2.9. Migrant workers and domestic workforces of labour sending countries, 1975

Country	Size of Workforce	Number of Workers Abroad	Proportion of Workforce Abroad
Jordan (East Bank)	532,800[1]	150,000[1]	28.1
Oman	137,000[2]	38,413[2]	28.0
N. Yemen	1,070,000[3]	290,128[4]	27.1
Syria	1,838,948[5]	70,415[6]	3.8
Egypt	10,756,000[7]	397,545[8]	3.7
Sudan	3,700,000[9]	45,873[10]	1.2
TOTAL	18,034,748	992,374	5.5

Source: (1) Based on: Birks, J. S., and Sinclair, C. A., Country Case Study : Hashemite Kingdom of Jordan International Migration Project, Department of Economics, Durham University, October 1978.

(2) Birks, J. S., and Sinclair, C. A., The Sultanate of Oman : Economic Development, the Domestic Labour Market and International Migration, Migration for Employment Project, World Employment Programme Research, Working Paper No. 27., (I.L.O. Geneva), May, 1978, Table 23, p. 84.

(3) Central Planning Organisation, Population Statistics in the Yemen Arab Republic, Sana'a, 1976, Table 1, (Arabic).

(4) Socknat, J., and Sinclair, C. A., Migration Abroad for Employment and Its Impact on the Yemen Arab Republic Topic Paper, International Migration Project, July, 1978, Table 23, p. 37.

(5) Central Bureau of Statistics, Damascus, Statistical Abstract, 1977, Table 11/3, p. 144.

(6) Sales, M. E., Country Case Study : Syrian Arab Republic, International Migration Project, Economics Department, October 1978.

(7) Ministry of Planning, Egypt, Five Year Plan, 1978-82, Vol. I., Table 4, p. 31 (Arabic).

(8) Birks, J. S., and Sinclair, C. A., Country Case Study : Arab Republic of Egypt, International Migration Project, March, 1978, Table 19, p. 38.

(9) Estimate based on : Department of Statistics, Khartoum, Preliminary Results of the 1973 Population Census, 1977, Table 16 (Arabic).

(10) Birks, J. S., and Sinclair, C. A., Country Case Study : The Republic of the Sudan, International Migration Project, March, 1978, Table 34, p. 58.

Nevertheless, during 1975 and 1976, when the opportunities for migrant workers in oil rich states became even more attractive, increased numbers of workers departed and soon thereafter the actual number of migrants from these states coincided with the potential supply.

The rather limited extra number of workers drawn from the Arab supplying states in 1975/76 fell well short of the requirements of the burgeoning demands of the oil-rich states. As a result, the rapidly industrialising wealthy states had to turn elsewhere for additional supplies of labour.

2I The Changing Perspective of the Migrant-Receiving Countries

The shortage of Arab labour in the region meant the oil exporters had to broaden their areas of recruitment of labour. The source of labour to which the capital rich states turned in their search for more manpower was Asia, in particular the Indian sub-continent and the countries beyond.

Since 1973 the migration of Indians and Pakistanis to the Near East has become more organised through "agencies" in response to the new scale of opportunities represented by the increased demands of the capital rich states. The consequent growth in the importance of the Asians in the labour forces is exemplied by the data for the Gulf states in Table 2.10.

Within the four Gulf states of Kuwait, Bahrain, Qatar and the United Arab Emirates a marked shift in the composition of the labour market was in train by 1975. Between 1970 and 1975, the proportion of jobs occupied by expatriate Arabs fell by 16.5 per cent. The Asians' share of the workforce rose

Table 2.10. Workforces of Kuwait, Bahrain, Qatar and the United Arab Emirates, by ethnic origin, 1970 and 1975

	1970		1975	
	Number	per cent	Number	per cent
Non-National Arabs	165,934	51.0	226,350	41.7
Asians	83,869	25.8	247,720	45.7
Iranians, Europeans and Others	75,295	23.2	68,432	12.6
Total	325,098	100.0	542,502	100.0
Nationals	147,560	31.2 (1)	195,115	26.5 (1)
GRAND TOTAL	472,658	100.0	737,617	100.0

Note: (1) Percentage of all employment

Source: Birks, J. S. and Sinclair, C. A., International Migration Project, Country Case Studies.

from a quarter to one half of the total, their number rising from 83,900 to 247,700.

These Asians were mainly Indians and Pakistanis. Factors behind their increased participation in the Near East labour market are of major significance for economic development in capital rich, and capital poor states. Demand for labour in the Arab world is transforming.

2J Formalised Supplies of Indian and Pakistani Labour

The most obvious expansion of the role of Indians and Pakistanis in the economic development of the capital rich states is the one demonstrated in the United Arab Emirates. This increase in the participation of Asians was both a cause and a consequence of the formalisation of Indian and Pakistani labour supplies through a series of recruitment and manpower supplying agencies.

The raison d'etre of these "agents", who are private sector entrepreneurs from Asia, is to profit from the opportunies to gain from the migration of so many for employment. Representatives of agents, living in the countries of employment, identify employers' labour requirements, and specify skill levels, trades, and numbers needed. They supply these requirements quickly by virtue of having counterparts in India, Pakistan and Sri Lanka, who have lists of would-be migrants according to qualifications and availability. These applicants are trade tested before being despatched to the country of employment.

Therefore, just at the time when Arab labour was becoming difficult to acquire, expensive and of less predictable quality at all skill levels (as the potential level of Arab exports was approached), Indian and Pakistani labour of known skill and capability became available <u>quickly</u> and <u>easily</u>. This regularisation of the Asian-Arabian labour flow by agents, who could above all supply labour speedily, encouraged the rapid increase in utilisation of Indian and Pakistani labour in the capital rich states during their period of most frenetic development.

The governments of the Indian sub-continent tacitly encouraged these labour recruitment agencies in the early period of their establishment. The advantages to their nations of supplying migrant labour appeared marked. The deleterious aspects of the role did not appear likely to become significant in countries of such large populations and complex economies.

In 1977 and 1978, however, both Indian and Pakistani governments intervened in this system of labour recruitment. Intervention stemmed mainly from abuse of human rights suffered by employees recruited through labour agencies. It is also of note though, in view of what follows in Section 3, that some concerns have been expressed in Pakistan about shortages of certain types of labour, ostensibly brought about by the scale of labour exporting.

The constraint upon the supply of Indian and Pakistani labour resulting from government intervention has added strength to the Oriental connection, to which the report now turns.

2K The Oriental Connection

Formalisation of labour supplies to the capital rich states has been taken to a new extreme by countries which have recently entered, and now feature large in the Arab region as suppliers of labour. The countries of south east Asia - referred to here as the Orient, and including the nations of Indonesia, Korea, Malaya, Nepal, the Philipines, Taiwan and Thailand - have since 1973 come to account for a rapidly increasing share of the labour market. In 1970, very few migrants of Oriental origin worked in the capital rich states of Kuwait, Bahrain, Qatar, the United Arab Emirates and Saudi Arabia; however, by 1975 they numbered some 15,000 workers. It is estimated that today (1979) there are some 160,000 workers from the Far East in these states.

The swing towards utilisation of Oriental labour is the result of the co-incidence of a variety of social and economic policy aims of the governments of the capital rich states.

Disenchantment is growing in the capital rich states with the wider cultural and social implications of hosting large migrant populations. These fears, as yet nascent, are of increasing impact upon labour policy. Most generally, the indigenes of states like Saudi Arabia and the U.A.E. are becoming concerned at the possibility of being "swamped" by the immigrant communities associated with the migrant labour forces. The psychological implications of, for example, Qatari nationals comprising so few of the total population of their own country are great. The wider significance of this has been little evaluated. The feeling of vulnerability arises because of the immigrants' concentration in the more crucial sectors of the economy.

Apart from fears of numerical domination, there is concern amongst Arab policy makers in the capital rich states over the considerable cultural (and, incidentally, racial) impact which the large expatriate communities have on the Arab indigenes and their customs. These fears are most obviously a political reality in Kuwait, where the differing rights of the various classes of "national" have become the subject of open debate. Although less overt in the other capital rich states, these considerations feature increasingly in decision making, and are assuming significance in the shaping of future economic development[18].

These socio-cultural concerns are separate from (though related to) the <u>economic</u> costs of supporting growing expatriate communities. The establishment of nuclear family groups amongst the immigrant communities is a major aspect of their growing political motivations and strength. As families develop, so household heads in immigrant communities become concerned to secure rights similar to those of the indigenes.

The growing disenchantment with the wider implications of being a major country of employment appears to present planners with a conflicting aim to what continues to be the underlying thrust of economic and social policy in the capital rich states of the Near East - rapid economic growth based upon industrialisation. How, given the limited nature of and the constraints to utilisation of indigenous human capital in the capital rich states, can they continue their programme of rapid economic development and expansion without their populations becoming totally outnumbered in their own country?

2L Enclave Development in the Capital Rich States

The compromise chosen by the rulers of the oil exporting states has been to separate physically new industrial areas (upon which future growth and development will be based) from existing urban areas. In this way, it is hoped, what are perceived to be the undesirable aspects of labour importing, (the close and prolonged contact between indigenes and immigrants, and the economic cost of supporting expatriates within the country of employment), will be minimised. Examples of such "enclave" industrial areas are becoming numerous in the capital rich countries of the Arab world : Shuaiba (Kuwait); Umm Said (Qatar); Jebel Ali (Dubai); Ruwais (Abu Dhabi); Yenbo and Jubail (Saudi Arabia); were all built on what amount to "desert" sites away from major centres of population.

In order to limit the costs of infrastructure provision and to facilitate the "containment" of the immigrant populations at these large industrial sites, there is a clear trend towards the recruitment of single, unaccompanied males to build them and, subsequently, also to run the plants. This enables the industrial areas to be operated on a "work camp" basis, with only a minimum amount of services provided for the all male population and labour force. Thus social and infrastructural overheads are minimised, and the growth of the expatriate population is kept to a minimum by the exclusion of the migrant labourers' families, who remain at home in the country of origin of labour. Such work camps, in which the men who operate these enclaves live, resemble the normal camps associated with the construction industry. However, the camps associated with enclaves are to be operated on a long term, rather than just a temporary basis.

The establishment of camps keeps workforces on these large projects within the bounds of the site area. Workers in enclaves mingle little with the indigenes and the established immigrant communities in the major urban centres. The cultural impact of the large expatriate labour forces is therefore minimised. In reference to "work camps" Sheikh Sultan Bin-Mohammed al Qasimi, Ruler of Sharjah, said "they (migrant workers) have caused problems, and have had an effect on life, on traditions, on everything". The U.A.E. plans to establish more labour camps outside towns and cities to house migrant workers[19].

The countries providing the labour for this enclave form of development have been, almost without exception, Oriental. These south east Asian companies have taken on large scale contracts, and brought to the Near East workforces of all skill levels prepared to live and operate in these work camp conditions. The camps are provided by the contractors themselves as part of the project. The Arab capital rich governments have therefore discharged responsibility for the provision of infrastructure for these immigrant workforces[20].

One of the earliest major enclave contracts which set the pattern, was the dry dock in Bahrain[21]. The Arab Shipbuilding and Repair Yard Company's facilities were built by South Koreans. The Koreans provided the entire labour force and expertise for the $30 million contract. During construction, the Korean labour force, who consisted only of single men (married men on single-status contracts), worked 12 hour shifts. They were entirely sufficient in housing, which they built themselves. Food and recreational facilities were flown direct from Korea. After completion of the dock on time, the Koreans left Bahrain completely.

In their complete departure, the Koreans appeased one of the major fears of the governments of the countries of employment - the dallying of workers after the completion of the contract for which they were brought in. It is this process by which the more permanent communities of immigrants build up.

The departure of the Koreans contrasted very favourably, in the minds of the Bahrainis, with the aftermath of the construction of the aluminium plant for ALBA, when large numbers of Pakistanis who had been employed building the plant remained after its completion. The aluminium plant was not constructed as an enclave. Its construction was integrated into the Bahraini economy, and the labour force into the Bahraini labour market as a whole. Many Pakistanis used this major contract to establish themselves and their families in Bahrain. They now consider themselves permanent residents. The growth of the Pakistani community in Manama is viewed as undesirable by Bahrainis, a factor behind the nature of the dry dock contract. The dry dock, which is an island site, comprises an excellent example of an enclave. It was its physical location which facilitated the easy isolation of the labour demands of the dry dock site from Bahraini labour employed in the economy at large.

A similar policy of enclave containment of labour forces has been adopted for the industrial development of Jebel Ali, Dubai. Here, isolation is achieved by siting the development away from Dubai city. The chief reason militating in favour of enclave development is the sheer volume of labour required for Jebel Ali. Figures of estimated employment in 1985 (Table 2.11) are equivalent to the entire population of Dubai emirate in 1977.

This is typical of the future scale of labour demand in these enclave industrial areas. If this scale of demand for labour were to be met in the open market of the Emirates, it would be very disruptive, causing shortages in other facets of the economy. In particular, it would make arrivals of labour hard to monitor and control. Illegal immigration would reach new levels with consequent disadvantages.

Table 2.11. Dubai : Employment Estimates for Jebel Ali by Major Occupational Group, 1981 - 1985

	1981	1985
Management, professional and technical workers	4,800	10,550
Supervisors, skilled manual workers, foremen and office workers	14,250	29,200
Semi-skilled manual and office workers	24,450	53,850
TOTAL	43,500	93,600
Associated Population	67,600	160,100

Source: Employment Estimates for Jebel Ali, Dubai, 1977

In short the development of other facets of the Emirates' economy would be severely distorted if developments of the scale of Jebel Ali were not isolated from the labour market at large. There would be considerable social problems associated with such an influx of population into Dubai, and the Emirates as a whole. Yet Shaykh Rashid is determined upon industrial expansion of this scale. Enclave development, with the industrial complex and its workforce isolated from the wider economy of Dubai is the only way that industrialisation of this scale can be effected without these harmful side effects.

It is the Oriental companies who are supplying the self-contained workforce of size and skills able to construct the large scale plant and infrastructure of Jebel Ali. The Jebel Ali site will continue to be run as an enclave after the completion of construction. It will be operated in the long term by contracts similar to that issued for its construction phase.

It will probably never be thought desirable to integrate the Jebel Ali developments into the wider economy of Dubai or the Emirates as a whole[22].

Although less advanced at the present, the Ruwais development (Abu Dhabi) will be built and operated on a similar basis. The Yenbo and Jubail enclaves in Saudi Arabia are also being built by Orientals with enclave-type contracts. Saudi Arabian manpower will not be available to operate these industrial areas (let alone construct them, which is almost entirely in the hands of the Orientals), so Yenbo and Jubail will, for social reasons, continue as enclaves, operated by Far Eastern labour who will not integrate with the Saudi national populations

As Oriental companies have proved most capable of operating on this basis, their continued presence in the Middle East is assured.

Yet Orientals are not only employed within the Arab world as enclave labour forces. Companies from south east Asia have tendered successfully and are meeting deadlines on non-enclave contracts; the provision of infrastructure in Riyadh, for example, is being effected by Oriental firms, as are major hotel and office building contracts elsewhere in Saudi Arabia.

2M <u>Conclusion</u>

It appears likely that Orientals will be employed in the capital rich countries by choice <u>instead of Arab labour</u>. Not only is Oriental labour more cost effective; not only do Oriental companies offer very attractive "enclave packages" to capital rich countries, which minimise difficulties to indigenous planners; but the Orientals, by virtue of their preparedness to live in enclave developments, and return home after contracts are complete, offer overriding social advantages as a labour supply for which knowledge of Arabic is not essential.

It is with the probability of increased substitution of Oriental for Arab labour supplies that the report turns to assessment of the condition of and policy options open to the individual labour exporters of the Arab world.

PART 3. THE LABOUR EXPORTERS : COUNTRY REVIEWS AND POLICY STATEMENTS

3A The Arab Republic of Egypt

(i) The Number of Egyptians Working Abroad

Egypt's role as a supplier of labour in the Arab world has become a tradition, an accepted part of Near Eastern economy and society.

Unfortunately, results of the 1976 census so far made available do not include a breakdown of the 1,425,000 persons reported to be absent at the time of the enumeration(23). The derivation of this figure is not clear, stemming as it does from passports issued and Egyptian national border crossings, which were considered as well as the census.

Of these 1,400,000 people abroad, government sources suggest that some 600,000 are gainfully employed (1975/76). This would give a crude activity ratio of 42 per cent for the Egyptian expatriate community.

Other estimates of the numbers of economically active Egyptians abroad vary widely. Choucri suggested that 1,000,000 Egyptian workers were abroad in 1976(24). Other government figures, released through al Ahram, recorded 1,390,000 Egyptians working abroad(25).

The present authors, however, believe these estimates to be too high. A number of about 400,000 expatriate Egyptian workers in 1975 derives from examination of data sources in the countries of employment of Egyptian labour(26). The distribution of these expatriates between the various countries in which they are employed is shown in Table 2.8. It is highly unlikely that the labour markets of these capital rich states have absorbed as many as 1,000,000 expatriate Egyptian workers.

The advantage of the authors' system of collection of data on expatriates is that it requires the figures to cross check throughout the matrix represented by Table 2.8. The other figures, based upon Egyptian sources, are not tied in with any other data sources, and so could be subject to considerable error. Indeed, with reference to movements of other nationals, the authors' method of collecting data in the countries of employment has proved accurate. The reliability of the figures presented here is further enhanced by their not being based upon information pertaining to border crossings which tend to be particularly unreliable.

It is not possible that the difference between the two sets of figures - 400,000 to 1,000,000 - is accounted for by clandestine migration. Although illegal border crossings are common in the Near East, they are not of the order that would cover such a disparity.

Here it is asserted that, as in the case of the Yemen (YAR), the larger estimate derives from an initial government estimate, made without full access to international data and in the face of a rather misleading domestic situation. Once stated, these initial estimates prove remarkably durable; they are often reiterated without regard to advances in the state of knowledge about the topic.

(ii) The Size and Disposition of the Egyptian Labour Force

In 1975/76, the Egyptian population was approaching 38,000,000, and the workforce amounted to some 12,500,000 persons. This gives a crude participation rate of about 33 per cent, high by regional standards, because of the participation of women (Table 2.4).

The disposition of this labour force is shown in Table 3.1. Over 50 per cent of the labour force is in the agricultural sector, leaving 6,200,000 workers in the remaining sectors of the economy. Of significance to the subsequent analysis of Egypt is that the public sector (including the armed forces) amounts to over 1,500,000 workers, well in excess of employment in the private sector at less than 1,000,000.

Table 3.1. Egypt : Disposition of Workforce, 1975

Sector of employment	Number	%
Agriculture	6,343,500	50.7
Government	1,700,700	13.6
Public Sector	1,182,700	9.4
Private Sector	928,500	7.4
Armed Forces	342,500	2.7
Workers Abroad	397,500	3.2
Unemployed	1,626,800	13.0
Total	12,522,200	100.0

Source: (1) Based on Birks and Sinclair, 1978, Human Capital on the Nile : Development and Emigration in the Arab Republic of Egypt and the Democratic Republic of the Sudan. International Labour Office, Geneva, World Employment Programme Working Paper WEP, 2-26/WP 27 1978.

Another significant point to which this analysis returns is the existance of over 1,600,000 unemployed in Egypt.

The 397,000 Egyptiants working abroad in 1975 therefore comprised only some 3 per cent of the workforce. This is a much smaller proportion of the workforce than the Yemen (YAR) and Jordan have exported for example, at 27 per cent and 28 per cent respectively (Table 2.9). In view of Egypt's tradition of exporting labour to other countries of the Arab world, and with unemployment prevailing in the urban, non-agricultural sector (some 1,600,000 people were reported as unemployed in 1975, Table 3.1), it is remarkable that more Egyptians were not working abroad in 1975. It is still more remarkable that the numbers departing to work were not increasing rapidly in 1975.

(iii) Egypt's Limited Response to Labour Exporting

The leading question then, is why has Egypt not exported larger numbers of workers? Why, indeed, were there not 600,000 or even 1,000,000 economically active Egyptians abroad in 1975? Moreover, why has there not been a large expansion in the numbers of Egyptians migrating for employment since 1975? In view of the manifest opportunities which have existed in the capital rich states of the Arab world, in particular since 1975, since when they have been suffering acute shortages of labour, why have not more Egyptians migrated internationally for employment? Why has the incidence of unemployment in Cairo not acted as a stronger "push factor" in causing migration for employment?

There is another facet to this apparent paradox. Despite the fact that Egypt has exported only a small proportion of her labour force, it is generally acknowledged that there are acute shortages of certain types of labour - in particular tradesmen and craftsmen - especially in Cairo, but also throughout Egypt. It is unlikely that domestic expansion of the Egyptian economy (which has been slow in real terms[27]) or conscription into the armed forces (the number in the army is falling slowly) is bringing these shortages of manpower about. The conventional wisdom asserts that these shortages are due to migration abroad for employment. Yet is it probable that such small scale emigration of labour in terms relative to the total population and workforce could bring about such shortages?

Here an hypothesis is put forward to explain the limited response of the Egyptian labour force to the potential of sending more workers abroad, and to cast light upon the acute impact of relatively limited migration for employment on Egypt's domestic economy. This points to policy options by which the Egyptian government can better exploit the potential to export labour to the capital rich and other states in the Near East - it is generally acknowledged that Egyptian manpower planners seek to export more labour. Indeed, this presumption is built into Egypt's development plan[28].

Egypt's labour market appears highly compartmentalised, with very little occupational mobility. Besides the normal barriers to occupational mobility, the Egyptian labour market is characterised by extraordinary immobility between even relatively similar occupations. In other labour markets, transfers up to the occupational ladder appear more common than in Egypt.

This lack of occupational mobility between these similar occupations, especially those of low skill attribute is of considerable significance: the result of this limited occupational mobility is little internal re-adjustment within the labour market to compensate for the exports of certain types of manpower. Thus the skills exported from Egypt are not replaced quickly by nationals moving into the vacancies created by their departure (cf. the Jordanian case). For example, exports of Egypt's skilled, well-qualified, craftsmen and tradesmen are substantial, but there is little movement of labour up the occupational scale as replacements. Consequently, there are shortages of this type of labour, despite the small overall proportion of the labour force which has migrated.

The lack of upward occupational mobility to compensate for exports of labour appears true of all levels of the labour market. Indeed, despite the much-discussed Egyptian rural to urban migration, it is suggested that today there is relatively little transfer of labour from the traditional to the modern sector in the short to medium term. In particular, the construction industry has been demonstrated to be short of all types of labour(29).

Several factors can be put forward in explanation of this lack of occupational mobility. The first concerns lack of movement from the agricultural sector. It is asserted that marginal products to labour in agriculture, though perhaps small, are positive. Consequently, today there are not large numbers willing to migrate to towns. The severe discouragements to moving into Egyptian towns include the high social cost of living in overcrowded and underserviced slums.

An important proportion of the labour market is accounted for by those in government service and public employment generally. From the point of view of this analysis - the propensity to migrate internationally - these public sector employees are essentially immobile occupationally. Although some migrant workers are indeed government secondees (such as teachers and technicians), their number is relatively small. The secure income, with annual increments, that government employment provides, means that a public sector employee maximises long term economic returns by remaining in the post. He or she is therefore neither a potential migrant, nor has occupational mobility within the domestic labour market.

The Egyptian public sector accounts for 75 per cent of non-agricultural employment. Only some 25 per cent of the labour force (about 3,000,000 persons) are therefore potential migrants for employment, or likely to fill the vacancies left by those who have migrated.

Not only is this group surprisingly small in number, but many are of low educational attainment, frequently illiterate, lacking in employment experience or, often, unemployed. However, only those of this population with work experience or skills are demanded as migrants. Furthermore, only these same can move easily to higher levels of occupational status.

Their number is particularly limited, because of the <u>small private sector</u> in urban Egypt, a consequence of government domination of the economy.

The unemployed and inexperienced, the urban poor, find it difficult to migrate internationally. These poorly qualified Egyptians are only in demand internationally if their marginal cost and productivity compare favourably with alternative labour supplies. Similarly, these unqualified groups are slow to move to levels of higher occupational status.

Institutional constraints to international travel also militate against these poor Egyptians, in particular, migrating to the capital rich states. The cost of the travel documents, and the time needed to acquire these in Cairo might be an impossible sacrifice to the unqualified poor. Hence, in Cairo are a number of urban poor, caught in a poverty trap : unable to find work at home and too poor to finance their migration abroad.

The low occupational mobility prevailing throughout the labour market accounts for several apparently puzzling facets of the Egyptian response to migration for employment : first, the low absolute number of Egyptians working abroad in view of the available opportunities; secondly, the shortages of labour (even of relatively unskilled labour) contemporaneous with widespread unemployment in the urban sector; and thirdly, why these unemployed do not migrate to capital rich countries in search of employment.

This analysis shows why the impact of even relatively limited exports of manpower has been far-reaching; internal readjustments to compensate for the exports of particular types of manpower have not been successful in Egypt (cf Jordan Section 3C). This lies behind the unexpectedly sudden shortages of craftsmen that have occurred. The failure to replace these selective exports of labour results from the rigidity of the labour market, compounded by the fact that the better quality specialised labourers (the potential replacement groups), have themselves migrated in substantial numbers. Thus the deleterious impact of Egypt's labour exporting is exaggerated by the nature of the labour market.

Moreover, Egypt's potential as a labour exporter is tempered by the inability of the labour market to provide readily labour of the qualities demanded in the capital rich states.

In short, despite the government's intentions, there is unlikely to be a <u>substantial</u> expansion in the numbers of Egyptians migrating to the capital rich states for employment. Egyptians with the skills demanded overseas, who are prepared to migrate, are more limited in number than is commonly envisaged.

It is doubtful that planners in Egypt are wise in notionally setting many extra departures of migrant workers against anticipated unemployment. At least, this is true of spontaneous departures. If the government desires to export larger numbers of workers, it must take a series of active steps to encourage this. These policies are now examined.

(iv) Policies to Facilitate International Migration for Employment from Egypt

The government action necessary to facilitate increased migration of Egyptians for employment should have two facets: First, in view of the fact that, today, larger numbers of Egyptians are not spontaneously demanded in the capital rich states of the Arab world, efforts must be made to explore, evaluate and cultivate a market for Egyptian labour abroad.

Secondly, the government must train and make available for migration larger numbers of workers of the attributes demanded in the Arab world at large, and particularly in the most rapidly growing capital rich states.

Having done this, the institutional constraints to the departure of the migrants for employment must be minimised.

(a) The Evaluation of the Market for Egyptian Workers overseas

Employers in the capital rich states fall into the following four categories : first, large scale contractors who employ large numbers of unskilled workers, as well as substantial numbers of skilled and qualified employees; secondly, smaller scale industrial enterprises; who tend to utilise more skilled "technicians" and workers with specific job experience; thirdly, governments, who employ a wide spectrum of medical workers, professionals and teachers, through to unskilled workers, and which have a particularly large demand for clerks and office workers; and, fourthly, private companies in the service sectors.

It is possible to identify, from amongst these groups, the markets for which Egyptian labour is most useful. As shown, there are already shortages of Egyptian skilled tradesment. Therefore, expanded exports of labour of large scale contractors can only follow training of larger numbers of these workers at home in Egypt. It is these very craftsmen who are most in demand by contractors.

In the case of these tradesmen, but even more so in the case of unskilled labour, the Egyptians are in direct competition with Asian and Oriental labour supplies. The latter are preferred by many operators in the capital rich states. Employers claim that Egyptians (and to some extent, Arabs as a whole) compare unfavourably to Asians because: the Egyptians demand higher wages, but are not more productive than Asians; Egyptians require better living conditions than do Asians; Egyptians want to bring their families, in contrast to Asians, who are more prepared to come as single men, leaving their families at home; Egyptians tend to haggle over wages and conditions which were previously agreed, in contrast to the Asians, who dispute their agreements less; and it is also generally felt that Egyptians are more apt to invoke labour laws against their employers than are the Asians.

Thus, at an unskilled level, employers see overt advantages in employing Asians rather than Egyptians. Before Egyptian labour exports can be expanded significantly, this problem must be overcome, both by increases in the productivity of Egyptian labour (to cover its higher cost), and by public relations work, to raise the status of the Egyptians in the eyes of these large scale employers.

An increase in the employment of Egyptians would in fact mean a turn-about of market trends. The factors listed in section 2 have resulted in greatly increased employment of Asians, often with the result that both new and existing jobs have been lost to Egyptians. Many companies have built up Asian labour forces with which they have been successful, and so are disinclined to change.

Overriding these considerations in many respects is the question of ready availability of labour. It has been shown how, during the period of most rapid economic expansion in the Arab world's capital rich states, it was Asians' ready availability which ensured their deep penetration of the Near East labour market. It remains true that, for individual employers, availability is crucial. Agencies supplying Asian labour provide tradesmen typically within a few days of receiving the request. In contrast, it usually takes several months after a contractor has made a request for Egyptians to reach their place of employment.

At clerical positions and senior managerial levels in these large contracting companies, Egyptians do find some employment, particularly when a facility in Arabic is an essential qualification for the post. Typically however, it is Levantine Arabs who hold these positions rather than Egyptians. These Jordanians, Syrians and Lebanese tend to be retained by the firms, and move from country to country with their operations - there is little scope for Egyptians here.

There are two other factors militating against increases in opportunities with these large contracting firms. The first is the approaching downturn in the construction phases of the development of the capital rich states, which means that there will be an overall reduction in the number of unskilled migrant construction workers in the Arab world. It is therefore not a good moment for Egyptians to be trying to expand their share of this market.

Secondly, the available large scale construction tenders are increasingly going to south east Asian companies who effect the projects on an enclave basis, providing the whole labour force without integrating their workers into the indigenous capital rich states at all. This automatically excludes the Egyptians (and other Arab nationals) from such projects.

Many of these points also apply to employment in the smaller industrial enterprises. The types of labour they require are not readily available in Egypt. Those with the requisite skills are slow in migrating, and often of unrealiable quality. Asians tend to be preferred over Egyptians.

It is in government employment and in positions with service sector companies that Egyptian labour, with its language facility, administrative and clerical skills has greatest advantages over alternative sources of labour. In the supply of medical personnel and teachers to the Arab world, for example, Egypt has been markedly successful, though not in a monopoly position. There is no doubt that Egypt will continue to export manpower to these government and service sectors.

The demand for manpower which falls within these categories will doubtless increase. It will not grow rapidly, however.

These government and service sector posts, because of their desirability and prestige, are those to which nationals of capital rich states aspire. Therefore, as nationals of capital rich states pass out of their education systems of their respective nations, they will tend to take extra posts as they become available. In some cases they will actually displace Egyptian labour as posts are "naturalised". The lower manual echelons of the public sector workforce might not be subject to this process to the same extent as are the more senior classes of government employee.

Only in the states with very small national populations, such as Qatar, will the opportunities for Egyptian office workers and professionals grow particularly rapidly. Much of growth in public sector employment will be in technically qualified labour and in this Asians, once again, will feature largely.

In sum, Egyptian planners face a series of market problems in attempting to export extra labour.

- The market for Arab migrant labourers in the capital rich states is not expanding rapidly. It is therefore an especially bad time to be attempting to increase Egyptian penetration of the market.

- The demand for Arab migrant labour is falling most quickly in respect of unskilled workers, those which the Egyptian planners are most interested in having migrate for employment.

- It is in these less qualified and skilled categories of labour where the Egyptians are competing most directly with south east Asian labour. Egyptian labour of this type is particularly disadvantaged because of the lack of Egyptian large scale enterprises able to effect major "enclave projects" in the capital rich states. It is on these large projects that south east Asian companies have proved particularly attractive to the Arab countries of employment.

Egypt is not a base from which many large companies with substantial ventures in the capital rich states operate. The private sector's spontaneous tendancy to export labour to effect, for example, major construction contracts is therefore lost.

It is difficult to create such "multi-national" companies, either in their pure private sector form, or as quasi-government mixed sector operations. Apart from the need to collect the international expertise that heads such large concerns, they require large amounts of capital and tend to be spawned only by relatively developed economies. Indeed, for major contracts, the exports of labour are preceded or accompanied by large scale exports of capital. In the short to medium term, it is difficult to see how Egypt will be able to operate overseas in this manner.

Exports of labour will therefore have to be achieved without the benefits of Egyptian contractors' winning tenders for large scale projects.

Although there is a continuing and assured market for Egyptian professionals, administrators and teachers, this is not likely to expand rapidly. The most sustained increase in demand in the capital rich states is for tradesmen, craftsmen and technically qualified workers. Yet technicians have not been produced (relative to other products of the Egyptian education system) in very large numbers, and a shortage of tradesmen is already extant in Cairo.

Egypt does not, therefore, appear well placed to exploit the most promising aspects of the international market for migrant labour in the Arab world.

(b) Government Action to Increase Migration for Employment

In the immediate future, it would be advantageous for the government to ease the institutional constraints to migration for employment. This would enable some of the poor, for whom migration is presently too expensive or difficult, to leave in the event of their finding employment abroad. The impact that this would have on migrant flows must not be exaggerated, however. Arab workers of this quality are not demanded in large numbers today. Where they are in demand, other nations (Yemen, Sudan) are better placed to supply this manpower than is Egypt.

The government must attempt to create a stock of labour of the qualities demanded in the countries of employment, and then facilitate their migration. A certain body of labour of this nature already exists, but only few migrate, because these workers are locked into the Egyptian public sector. The government could facilitate their movement by an increased scale of secondment, or by offering bonuses, or continued increments to cover service overseas, and by making their re-instatement in public service easy on the migrants' return. At first inspection, in view of the widely-known under-employment within Egyptian public service (which has stemmed from the policy of government employment of graduates), it might be thought that such action would release a large number of potential migrants. In fact, there are thought to be only relatively few suitably qualified members of the Egyptian public sector who would be released for international migration. Most of the under-employed individuals in the Egyptian public sector are administrators rather than technicians, and so are not demanded overseas in large numbers.

If export of increased numbers of workers from Egypt is to be successful, then planners must turn their efforts to improving the stock of human capital from which these exports are made.

After careful assessment of the sectors of the international labour market to which Egyptians might make an enlarged contribution have been realistically identified, then potential migrants must be trained specifically for these positions abroad.

At the present, the Egyptian education system is not directed towards the production of school leavers or graduates with the technical and trade qualifications demanded abroad. It would be too long term a process to attempt to redirect the system so that it produced less arts and social science graduates with increased numbers of more suitably qualified leavers.

Therefore, ministries and government agencies should instigate short-term training courses to produce numbers of workers of a type desired in the capital rich states, who are of known quality, and who can be supplied in known numbers to meet predicted demand. Perhaps some remittances might be utilised to pay for these training schemes (for details of utilisation of remittances, see Yemen, section 3F). The training of such craftsmen and low grade technicians would have the incidental effect of decreasing some of the acute shortages of labour of this type in Cairo.

To some extent, once potential migrants of the desired characteristics have been produced, the market can be relied upon to find them places of employment; that is to say they can be allowed to migrate spontaneously.

This process alone is unsatisfactory though, and Egyptians should advertise the availability of these new trainees in the capital rich states. Moreover, the Egyptian Government should attempt to contract to supply labour of the type and numbers being trained, either to the private sector operators in, or the governments of the capital rich states.

Attempts to supply Egyptian labour through formal agreements have previously not been considered a success by the labour importer[30] and have made little impact upon flows of labour from Egypt. It is the specific links between the postulated agreements and the training of suitable labour of guaranteed quality which will give these new agreements a different tenor. Particular importance attaches to these agreements in view of the fact that no large scale Egyptian contractors operate in the capital rich states.

(v) Conclusion

In conclusion, it is possible for Egypt to enlarge her role as an exporter but it will take effort, investment and some marketing flair. Greatly increased numbers of Egyptians will not migrate under the old system where individuals migrate spontaneously.

Indeed, in view of the contraction in the level of construction phases of the development plans of the oil exporting states as their economic development moves to subsequent phases, it is likely that there will be a net return of Egyptians as the unskilled and semi-skilled construction workers return home, having lost their jobs abroad.

It might therefore be considered even more essential to train rapidly and export tradesmen and technicians (albethey of low quality) in order to make up for the return of the unskilled migrants to Egypt.

In only one facet of the spontaneous exporting of unskilled labour does there appear to be potential for significant expansion. This is in the supply of replacement migrants to other countries supplying labour to the capital rich oil exporters, for example Jordan. The potential and nature of this process are described in detail in the Jordanian section of this report. (Section 3C).

3B The Democratic Republic of the Sudan

(i) Introduction

The Sudan, like so many other labour exporters was, at first, enthusiastic about the new wider role that its labour force had assumed. Apart from the normal economic benefits resulting initially from labour exporting, a new political stance, more central within the Arab world, which exporting labour was thought to give Sudan, was highly valued(31). The Sudan's enthusiasm for the exports of labour was enhanced by the government's preoccupation with unemployment in the later part of the 1960s(32). Here, it seemed, was a chance both to export unemployment and gain in foreign exchange. These exports of labour, however, soon grew to an extent (Tables 2.7 and 2.8) that the Government of Sudan has recently become concerned at what amounts to the outmigration of a significant proportion of the workforce.

(ii) The Rapid Expansion in Sudanese Labour Exports

Sudanese labour migration has changed particularly rapidly; the increased number of workers leaving Sudan exhibits well the expansion in international labour movement in the Arab world after the 1973 oil price rises. So precipitate was this increase that, despite concern over the exports of Sudanese labour, it is difficult to quantify or even to discuss in qualitative terms.

In 1969, only about 900 workers left the Sudan, and most were "cooks and domestics", an occupation widely associated with Sudanese abroad. By 1971, labour exports from the Sudan had already increased significantly, as indicated by the legal departure of some 8,500 workers, together with an unknown number of clandestine departures. Between 1971/72 and 1975/76, there was a fortyfold increase in Department of Labour (Khartoum) permissions granted to facilitate the departure overseas of those in employment in the Sudan. By 1975, work permits endorsed to enable international travel numbered 12,500; in 1971 only 390 of these had been issued.

By 1975 the authors estimate that about 46,000 Sudanese were working abroad in the region (Table 2.8). The pattern of destinations of Sudanese workers abroad derives from utilisation of Department of Labour figures in Khartoum, together with visa and census data available in countries of employment. In 1975, Saudi Arabia was hosting between 30,000 to 40,000 expatriate Sudanese workers. Of these, about 25,000 were legally employed. Since then, the number of Sudanese in the Kingdom has risen further. As many as 70 per cent of Sudanese in Saudi Arabia in 1977/78 could be employed illegally[33]. As many as 83,000 Sudanese are employed in the Kingdom in 1978.

Far larger totals of Sudanese in Saudi Arabia have been put forward. However, there is no reasonable way of justifying "137,000 Sudanese teachers, agricultural technicians, builders, drivers, craftsmen and office staff" working in Saudi Arabia[34] Such a figure would mean that the Sudanese would dominate the Saudi labour market in a way that they patently do not. Moreover, in view of what is noted below about the size of the Sudanese domestic labour market, it is unlikely whether the Sudan's economy could sustain exports of labour of these dimensions.

Similar controversy surrounds the numbers of Sudanese in Libya. Despite the cool relations existing between Libya and Sudan, Sudanese workers continue to migrate there. Official figures give a total of 5,000 Sudanese legally employed in 1975[35]. Realistic estimates for the numbers of Sudanese working in Libya in 1975 are of the order of 9,000, since when the number has risen significantly.

Other countries of employment of Sudanese labour receive far fewer migrants. It is unlikely that the number of 1,550 Sudanese recorded in Kuwait in 1975 has risen significantly[36]. Distance and intervening opportunities in Saudi Arabia keep numbers of Sudanese in the other Gulf states relatively low -

there are probably (in 1975) about 1,500 economically active Sudanese in the United Arab Emirates, certainly less than the 20,000 that has been suggested[37].

(iii) Migration for Employment and the Sudanese Economy

The authors, using the Sudanese census results made available in 1977, estimate that the 1975 population of the Sudan was 14,100,000 (Table 2.3). The workforce is estimated to have been 3,700,000 persons at this time. However, this labour force is largely rural, and follows agricultural pursuits. The modern sector workforce is unlikely to exceed 8 per cent of the total, amounting to some 300,000 workers[38].

It appears, however, that most of the migrant labourers exported from the Sudan have left positions in the modern sector. Therefore although the total expatriate workforce of about 46,000 amounts to only one per cent of the total domestic labour force, the migrants for employment comprise 15 per cent of the modern sector labour force. In fact, not all the migrants were drawn from the modern sector, but certainly many were. Equally significantly, those drawn from the traditional sector workforce were generally the most suitable in terms of experience and skill or qualification to be the replacements who would otherwise have been brought into the modern sector. Thus, selective labour exports from the traditional sector serve to compound the impact of departures of labour from the modern sector.

The small size of the Sudanese modern sector, combined with the selectivity of the labour exports, has brought about some significant skill shortages in the Sudan. For example, estimates for the "brain drain" from the University rise to over 20 per cent, and it has been demonstrated that this could rise to over 50 per cent[39]. There are already losses of up to 50 per cent for certain specific fields.

There have also been major losses of medical personnel, perhaps amounting to 70 per cent of the total number of graduates. Some 35 per cent of the graduates of the School of Hygiene are also abroad.

The effect has also been profound in Government - 25 per cent of the 100 qualified statisticians have been lost overseas. The emigration of, for example, stenographers, typists, punch card operators, bookkeepers, for example, has become an obstacle to the efficient working of government.

(iv) Economic Development and the Sudanese Manpower Shortage : Implications for Policy

The Sudanese responded positively to the drawing of labour by Saudi Arabia from the domestic labour market. However, it soon became apparent that the Sudan could be heading for a manpower shortage of substantial dimensions. Attention was drawn to this by Messrs. Kidd and Thurston in 1977[40].

Kidd and Thurston took the Sudan's own predictions of manpower shortfalls (as shown in Tables 3.2 and 3.3), which do not include any allowance for exports of labour, and added to these estimates of further labour deficits caused by migration for employment (Table 3.4). Tables 3.2 and 3.3 show a shortfall of 9 per cent of professionals and of 40 per cent of technicians as predicted by Sudanese planners. But, as shown by Table 3.4 Kidd and Thurston estimated a loss of some 7,000 professionals

Table 3.2. Sudan : Demand for and Supply of Professionals, Period of Six Year Plan 1977/78 - 1982-83

Profession of Speciality	Graduates from Local Sources	Graduates from Overseas	Total Supply 6 years	Demand 6 Years	Surplus/ Deficit
Agriculture	1,251	1,409	2,660	5,000	- 2,340
Veterinary Science	505	495	1,000	2,200	- 1,200
Medicine	1,407	1,333	2,740	2,405	+ 335
Dentistry	105	-	105	105	-
Pharmacy	204	156	360	500	- 140
Engineers	1,023	1,217	2,240	4,400	- 2,160
Basic Sciences	-	-	2,000	2,900	- 900
Law	-	-	1,730	495	+ 1,235
Accounting and Finance	-	-	3,000	4,700	- 1,700
Economics and Social Sciences	-	-	2,690	1,500	+ 1,190
Teachers of Higher Secondary Schools	-	-	1,640	1,700	- 60
Others	-	-	3,585	200	+ 3,385
Total	4,495	4,610	23,750	26,105	- 2,355

Source: Manpower in Sudan's Six Year Plan for Economic and Social Development, 1977/78 - 1982/83. From Higher Grants Commission, Undated, cited in Kidd and Thurston (40).

Table 3.3. Sudan : Demand for and Supply of Technicians, Period of Six Year Plan, 1977/78 - 1982/83

Speciality	Demand	Supply	Surplus/Deficit
Agriculture and Forestry	5,000	2,150	- 2,850
Veterinary Sciences	2,000	580	- 1,420
Medical Assistants	2,400	1,370	- 1,030
Mechanics and Electricity	3,500	580	- 2,920
Engineering and Architecture	2,200	550	- 1,650
Surveying and Transport	3,450	3,330	- 120
Chemical Engineering	2,100	1,600	-
Accounting, Finance & Banking	1,600	1,600	-
Librarians	500	500	-
Teachers (General, Secondary)	900	900	-
Others	300	530	+ 230
Total	23,950	13,690	+ 10,260

Source: As Table 3.2

Table 3.4. Kidd and Thurston's Estimates of "Minimum numbers of Sudanese Working Abroad 1976

Country	Total[1]	Professionals[2]		Technical[3]		Other[4]	
		Low	High	Low	High	Low	High
Saudi Arabia	20,000	2,570	4,580	5,140	9,160	6,260	12,290
Libya	8,000	1,027	1,832	2,054	3,664	2,504	6,260
Kuwait	2,000	257	458	514	916	626	771
United Arab Emirates	2,000	257	458	514	916	262	771
Total	32,000	4,111	7,328	8,222	14,656	10,016	20,092

Sources: 1. Ministry of Labour as reported in Sudanow, December, 1976, p. 7. Because of political conditions, it appears probable that migration to Libya will cease for the indefinite future.

2. Ali Abdel Gadir Ali. A Note on the Brain Drain in the Sudan. Appendix

3. Assuming two technical for each professional.

4. By subtraction.

See Kidd and Thurston 1977, p. 7.

and perhaps as many as 14,000 technicians as migrants for employment, the absence of whom is not taken into account by the plan. If it is presumed that exports of labour continue to increase over the period of the plan, then by 1982/83 the Sudan could expect a critical shortage of qualified manpower. In fact, if Kidd and Thurston are correct, then the gross demand for technical and professional labour is likely to outstrip the supply by some 25,000. They go on to write, "A shortage in the order of magnitude of 25,000 should remove all cause for complacency. It should give rise to an immediate reassessment not only of the projected manpower situation over the period of the six year plan and thereafter, but also of the economy to absorb capital and of all assumptions resting on the availability of professional and technical manpower"[41]. They go on to describe what they call a "positive strategy" of expanded output of the desired personnel. They assert that modest investment in the educational system of the Sudan could produce the numbers of qualified persons, not only to make up the shortfall they identify, but also to allow for a surplus of manpower over domestic requirements, which could then be exported. They thus see the desirability of a complementary relationship between the Sudan and the importers of her skilled and trained manpower.

This, at first inspection, seems to be the most suitable policy upon which the Sudan should embark. It is a positive strategy which appears to enable the Sudan to benefit from the opportunities to export skills and yet to produce enough skills to facilitate domestic development at a pace not tempered by exports of labour.

If the countries of employment of migrant labour could be persuaded to invest in such a training programme of Sudanese labour, then the policy might appear altogether desirable.

We do not disagree with the aims of consistently re-assessing the plan in the light of recent developments in the manpower aspects of any other facet of the economy. Nor do we dispute that an expanded output of professionals and technically qualified manpower is desirable in the Sudan. But the present authors do have serious doubts about action to increase the supply of trained labour on a scale directed towards making up a shortfall in manpower of a magnitude identified by Kidd and Thurston.

This is for three main reasons. First, it is not certain that the domestic demand for labour will indeed rise to the scale of the plan, let alone beyond it, as postulated by Kidd and Thurston. The plan is indeed an admirable tool for demonstrating aims and aspirations towards which the economy should be directed. However, the goals of past plans have only been met in part in the past, and it is unlikely that the targets of the present plan will be met in full; it is not felt, therefore, that the requirements of labour stipulated in the plan will become an <u>effective demand</u>. It is particularly unlikely that they will be exceeded.

Secondly, it is considered unwise for the Sudan to base manpower and educational requirements upon presumptions of a continuing international demand for qualified Sudanese manpower in even the medium term. The labour market in the Near

East is volatile. Sudanese labour might well be demanded much less in the near future. In view of the commitment that an expansion in educational facilities represents, and of the fact that over production of educated manpower a decade or so in the future is likely to have dire political consequences, quite apart from being wasteful of resources, <u>it would not be circumspect for the Sudan to plan ahead for a continuing demand for qualified Sudanese manpower for more than in the short to medium term.</u> To ignore this would increase problems of reabsorbtion of return migrants in the future.

Kidd and Thurston indicate some of these uncertainties, but they are stressed here as crucially important.

Thirdly, Kidd and Thurston's analysis ignores the possibility of the Sudan's importing labour. The possibilities of this are not at all remote; indeed, it is probable that some replacement movements are already taking place. It is possible that replacement movements underlie the increasing migration of Egyptians into the Sudan. Egyptians who wish to migrate, but who have been unable to secure positions in the capital rich states are migrating to the other major labour supplying countries such as Jordan and the Sudan. In particular, the movement of Egyptian professionals into the Sudan comprises an element of replacement migration.

An alternative source of replacement labour for the Sudan is the west. The traditional movements of population into the Sudan from the west should be considered important in this context. The populations of Chad, Cameroon and West Africa have in the past responded in large numbers to opportunities in the Sudan[42]. Although their traditional reaction is likely to be rather tempered by the new wealth and consequent opportunities in Nigeria, it would be surprising if substantial numbers were not attracted to the Sudan in response to high wages and a labour shortage. In short, the market forces causing an outflow of labour with exports from the Sudan will bring about imports of labour should the domestic labour shortages become critical. One should not envisage being able to equate simply any imports of labour in either empirical or qualitative terms. The complex readjustments of the domestic Sudanese labour market precludes such simple assessments. Although replacement migrants generate social costs to be borne by the host nation (Sect.3C) and although their productivity is generally lower than that of the migrants whom they are replacing, such a replacement movement serves to ameliorate the overall shortages of labour resulting from the Sudan's becoming a labour exporter of significance.

Therefore, it seems that as a result of these factors, the *real* shortfall of skilled and qualified labour will be far smaller than the 25,000 suggested by Kidd and Thurston. This does not mean to say that manpower shortages are not likely to become a constraint upon development; they patently are, but not to the degree that has been implied. Expanded educational output is indeed desirable, not to say essential, but not on the scale that Kidd and Thurston advocate. In view of the high financial and opportunity cost of investment in education in the Sudan today, such a policy is neither economically nor (in view of the likelihood of large scale return of migrant workers) politically desirable.

In conclusion, it is suggested that the Sudan reassesses domestic manpower projections as realistically as possible, and in the light of these, presumably more conservative, figures looks again at the impact that continued exports of skilled manpower in particular will have upon realistic goals of domestic development. It is out of such an urgent but calculated appraisal that a strategy of limited development of training facilities, which balances the short term problems and costs against the long term risks will derive.

(v) <u>The Spontaneous Labour Market Response : A Net Benefit</u>

Although research is demonstrating that the disadvantages of a country's being an international supplier of labour tend to outweigh the advantages, this is perhaps less so in the Sudan than in some other countries of the Near East.

The Sudan has indeed, in contrast to, for example, Egypt, been able to export a good deal of unemployment. Moreover, the Sudanese labour market appears to be responding in a relatively flexible manner, so that modern sector work experience and training is being acquired by far larger numbers that would have been the case if the Sudanese were not migrating internationally.

This is a present day tax upon progress and efficiency, but in the Sudan's case, the exports and further training of labour abroad might serve to benefit the country's development in the medium term. On their return after spells of work overseas, erstwhile migrants might represent a considerably greater asset to their country in development terms than if they had remained at home. Their extra experience and modified aspirations might be harnessed to further the Sudan's progress. This is particularly the case with some of the more qualified migrants; with the unskilled there is greater probability that their raised aspirations will lead to frustration.

(vi) Sudanese Efforts to Utilise Remittances

Although the advantages and deleterious aspects of remittances are considered in detail in the section on the Yemen (Section 3F), it is instructive to look at the Sudanese efforts to harness remittances. The Sudan is an example, par excellence, of a country whose development has been held back by continuing balance of payments problems and a critical shortage of foreign exchange and hard currencies. The Sudanese therefore saw the rising tide of remittances as a means of ameliorating one of the most intractable problems stunting their economic progress.

Remittances have risen still faster than numbers of workers abroad. The Bank of the Sudan calculated that remittances were less than $1 million in 1975/76, but had risen to $10 million for the year 1976/77. The total for the coming year is predicted to reach $300 million. For a country with perpetual balance of payments problems, this could be seen as a very healthy trend, a valuable contribution to the economy.

The Government of the Sudan has instigated a number of schemes to encourage the remittance of hard currencies by expatriates through the banks. These enable official monitoring of the flow of funds and gives the government access to them. The first is known as the "Land for Emigrants Scheme". It provides a quick and easy exchange of foreign earned hard currency for first and second class housing units in Khartoum. As well as drawing in foreign currency to the economy, it has also been pointed out that the scheme provides a useful psychological link with their homeland for Sudanese working abroad. Whilst it does indeed serve to encourage remittances of hard currency, the scheme also acknowledges implicitly one of the important "push factors" behind the migration of skilled labour - the shortage and cost of urban housing in the Sudan. The authors assert, however, that a major factor behind the price increases in housing (which in certain parts of Khartoum are twenty times the prices of the 1960s) is the increase in remittances. Thus remittances have served to aggravate one of the very problems which lay behind outmigration of labour in the first instance.

Another significant Sudanese government scheme is the "Nil Value Customs Policy". A Sudanese national can obtain customs relief on imports equivalent to the value of a foreign currency account held in the Sudan Bank. This is provided the currency is remitted from outside, and remains in the account six months. After the customs relief has been gained, then up to 75 per cent of the hard currency account can be retransferred out. Whilst in the account, funds receive interest as a further incentive.

Thus the Sudanese government sacrifices customs revenue, but eases the balance of payments by encouraging purchases of imported goods with hard currency earned outside the Sudan.

At the same time, the government keeps back, in hard currency, 25 per cent of the value of the customs free purchases to be exchanged at official market rates within the Sudan. A major incidental benefit is the discouragement of black market currency dealing. Moreover,whilst the monies are vested in the Bank of Sudan, the government can use the hard currency to expand normal banking practices.

Whilst these policies have not altered fundamentally the drawbacks associated with a state's receipt of remittances, the Sudan is making very effective short term use of the flow of funds. In view of the short term variations in remittances, such schemes are the most suitable to implement. Other countries could learn much from the Sudan's initiative. It is suggested that they monitor the Sudanese schemes carefully.

3C The Hashemite Kingdom of Jordan

(i) Introduction

Out of an estimated population of 2.6 million persons in 1975, some 532,800 were economically active, a crude participation rate of 20.4. Table 3.5 shows that about a quarter of the Jordanian population lived and worked abroad in 1975.

The modern sector non-farm civilian workforce, from where most Jordanian migrant workers originate, comprised 324,000 persons in 1975 (Table 3.6). Expressed as a proportion of this pool of labour, Jordanian migrant workers constituted 46 per cent. That labour shortages should have arisen as a result of Jordanians working abroad is therefore hardly surprising.

Table 3.5. Jordan : Workforce and Population, 1975

Workforce	Population	Crude Participation Rate
Inside Jordan (East Bank)		
382,800 (71.8%)	1,953,061 (74.6%)	19.6
Outside Jordan		
150,000 (28.2%)	663,700 (25.4%)	22.6
All Jordanians		
532,800 (100.0%)	2,616,700 (100.0%)	20.4

Source: Authors estimates based on : Country Case Study : The Hashemite Kingdom of Jordan, (Durham, November 1978.

Table 3.6. Jordan : Disposition of Workforce, 1975

Sector of Employment	Number	%
Agriculture	73,000	13.6
Modern Sector Civilian	174,000	32.7
Civil Defence and Military	127,800	24.0
Unemployed	8,000	1.5
Migrant workers abroad	150,000	28.2
GRAND TOTAL	532,800	100.0

Source: MEED., 1976 Special Report, Jordan, p. 2 and authors' estimates.

The large majority of Jordanians working abroad are employed in Saudi Arabia (66 per cent) and a further 18 per cent in Kuwait. The remainder work in other capital rich states of the Middle East.

(ii) <u>Occupational Mobility : Implications for Policy in Jordan</u>

One of the disadvantages to capital poor states of sending large numbers of workers abroad is that their workforces may be depleted to the point where skill shortages constrain economic development. The likelihood of this latter event is diminished by a high degree of occupational mobility in the domestic labour market (the capacity of the market to replace those more skilled with those less skilled at any given level). The Egyptian labour market appears occupationally rigid, there being relatively little movement between jobs: a small proportion of the workforce departing leaves acute skills shortages which take a relatively long period to be made up by occupational transfers. In Jordan though the high degree of occupational mobility has diminished this deleterious impact of international migration.

Therefore, by enhancing domestic occupational mobility, the deleterious impact of migration can be reduced. Thus governments should be prepared to promote officers more quickly in times of rapid out migration than under normal situations. In the private sector, training schemes aimed to enable an individual at one skill level to move to a higher level where job opportunities exist should be encouraged. The modular scheme of training would be highly relevant to this objective.

(iii) The Brain Drain

(a) The Scale of Emigration of the Better Educated

Within the Arab Near East Jordanians are possibly the best educated nationals. Certainly they are also highly geographically mobile as a community and therefore, given the selective nature of migration which first extracts from a market the most able, Jordan has suffered from a "brain drain".

The origins of Jordan's modern educational system reach back to before the First World War. On the East Bank, education was run originally by the Turks, and then by the administration of TransJordan. By 1930, 65 schools existed on the East Bank with two secondary schools and one vocational training school. On the West Bank there were, even in 1914, 500 primary schools, and by 1948, 250 intermediate and 20 secondary schools run by the British mandate administration. The investments made in human capital throughout the twentieth century have raised the Jordanian people of today to a position of an educational elite in the region. Throughout the Near East, Jordanians work as teachers, doctors, statisticians, bankers and technocrats.

The success of individuals whose skills are in considerable demand outside Jordan is described within Jordan as the "brain drain" problem. It is difficult to evaluate comprehensively the cost or benefit to Jordan of the "brain drain", but superficially it does seem that the country invests resources over many years to train its people only to lose the same to more wealthy neighbours just as individuals reach their prime working age.

Table 3.7 shows the educational qualifications of the Jordanians recorded as abroad in the 1975 MPHS and of the domestic Jordanian population enumerated in the 1976 MPHS(43). Clearly the community abroad is very much better educated than those left at home. Table 3.7 confirms that international migration has selected from the Jordanian population those most educated or skilled before those without qualifications or skills.

Table 3.7. Jordan: The Distribution of Educational Level of (a) those recorded as abroad in 1975 M.P.H.S., and (b) the sample (total) of the 1976 M.P.H.S.

Educational Level	Those Abroad in M.P.H.S. 1975 (%) [1]	Sample Population M.P.H.S. 1976 (%) [2]
Less than elementary	8.4	61.4
Less than preparatory	15.2	22.4
Less than secondary	7.2	7.8
With secondary certificate	55.9	5.1
Post secondary diploma	3.8	1.0
Degree	9.7	2.3
Total	100.0	100.0

Note: (1) Relates to sub-sample of 3,436 persons drawn from total of 17,373.

(2) Sample covered 58,183 persons

Source: (1) Department of Statistics, The Multipurpose Household Survey (Jordanians Abroad) 1975, Hashemite Kingdom of Jordan.

(2) Department of Statistics, The Multipurpose Household Survey 1976, Hashemite Kingdom of Jordan.

However, against this should be set three countervailing arguments. The first is that unemployment has been a long term problem for Jordan, which probably has only temporarily diminished. The University of Irbid will create a growing volume of graduates, and it is unlikely that jobs will be available for them all in Jordan.

Secondly, much of all Jordanian educational expenditure is paid for privately. More than any other country in the Near East Jordanians travel abroad to universities in Europe and America, paying their own costs. Moreover, they often avail themselves of free education in countries such as Kuwait, the U.A.E., Qatar and Saudi Arabia, often at university level. Thus Jordan's highly qualified manpower has often been produced without government support.

Thirdly, to be set against costs incurred by the brain drain are the continuing substantial sums Jordan receives in aid from Arab countries. To some extent these must be seen as palliatives to the economic loss Jordan suffers from the brain drain.

(b) Policy Implications of the Brain Drain

A brain drain of Jordanians will continue, irrespective of government wishes. Moreover, the government cannot compete with oil rich states in terms of wages. However, Jordan can define the critical occupations wherein she lacks manpower and provide monetary and non-monetary incentives to induce return or residence for people in these professions. This the government is already doing. As soon as the market appears to change from labour shortage to surplus, she should terminate these arrangements.

(iv) Agriculture and Migration for Employment : Replacements

Agricultural output has fluctuated considerably in the past five years, as Table 3.8 shows. Generally the explanation offered has been varied rainfall. However, the present authors would suggest that agricultural production is closely linked to a variety of other factors, not least a productive workforce. It is probable that labour has left rural areas in order to work in more renumerative urban areas or even abroad, and that output has been lost thereby. The implications for the economy of a decaying agricultural sector are considerable. It is likely that international migration of workers is a contributory factor to declining agricultural output, and this is an area which would justify more research than is possible on these pages. The number of Egyptian labourers working on the land in Jordan is an indication that the departure of Jordanian farm workers for the towns and abroad has developed to an extent sufficient to affect agricultural output.

Table 3.8. Jordan : Agricultural Production in Jordan, 1972-1976 (000's tons)

Item	1972	1973	1974	1975	1976
Field Crops	178.8	66.7	334.1	74.1	100.7
Vegetables	223.0	124.6	205.8	262.3	201.8
Fruits	152.3	104.0	156.7	91.7	83.4

Source: Central Bank of Jordan, Monthly Statistical Bulletin Vol. 13., No. 9 Table 43.

The government should aim to maintain the stock of capital contained in the agricultural sector and to hold output constant in the short term. Given the absence of Jordanian agricultural workers, replacement migrants from Egypt, Syria, and Pakistan should be permitted. However, the basis on which these groups work in Jordan should be strictly temporary. Their duration of residence should be determined by the moment when Jordanian agricultural workers return from abroad. The government must ensure that a temporary dependance on replacement migrants does not lead to a permanent one, associated with large numbers of unemployed Jordanian farm workers in towns, as it would probably be.

(v) Remittances : A Predicted Decline

The remittances which Jordanians working abroad send to Jordan recorded by the Central Bank have risen rapidly since 1973, and particularly since 1974.

The growth in the volume of workers remittances is many times greater than the growth in the number of Jordanians abroad. Remittances rose for three reasons. First, the number of Jordanians working abroad in the oil rich states increased considerably, perhaps doubling between 1970 and 1975. Secondly, a high proportion of the new migrant workers were unskilled or semi-skilled manual workers. These, unlike their more educated predecessors, travelled and lived without their families, and remitted or saved a higher proportion of their earnings. The residence of the new wave of migrant workers abroad is likely to have been only temporary, lasting one or two years, and this group consists largely of "target" migrants, who aim to save a defined sum and then return home. Moreover, these migrants probably worked in the construction sector. Indeed one estimate was that "40 per cent of Jordanian migrant workers are in the construction sector[(44)]. If so, then they will return home as the construction boom (of Saudi Arabia in particular) dies down. Thirdly, remittances rose because wage rates in the peninsula rose, a higher remittable surplus accuring to the migrants.

By this reckoning remittances will fall because of three factors: first, the return of these "short term" migrants, who despite their low skill level, have earned very high wages and remit large proportions of what they earn. Therefore, their return will have a very considerable impact on the level of remittances. Secondly, the wage rates of skilled and unskilled manual workers are falling in the peninsula, and if the level of inflation common to most peninsula states is taken into account, real wages are falling quite rapidly. Thirdly, those Jordanians living abroad with their families, the more highly skilled and educated group, will continue to "settle". Family size will increase, sex ratios will fall, dependancy ratios will increase. The remittances of this group will decline as family commitments abroad increase. They will decline for another reason. As time passes, so the links between Jordanian communities abroad and Jordan are diminishing. Almost one half of all Jordanians and Palestinians in Kuwait were born there. Many of these have never left Kuwait.

These, the longer term migrants, are better described as "emigrants", since in all practical senses they have left Jordan permanently. Even if migrants settled abroad wished to return to Jordan they would find it difficult to maintain the present standard of living. It would be impossible for example to find accommodation comparable to their present housing, or even to that which they enjoyed in Jordan before migrating ten or fifteen years ago.

For these three reasons, the return of the short term/ high remittance group, falling real wage rates in the peninsula and the decline in remittances of the more permanent migrants, the overall level of remittances received in Jordan will fall in the near future, and very dramatically.

This decline in remittances will have a considerable impact particularly as their significance to the economy grew rapidly between 1973 and 1976, accounting for 11 per cent of imports and 5.5 per cent of gnp at the start of the period and 31.2 per cent and 32.4 per cent respectively at the end. If the flow of remittances returns to the lower levels of before the construction boom in the peninsula, then National Income will fall dramatically and Jordan will have a severe balance of payments deficit.

The concern is sometimes expressed that a high level of remittances can encourage a high level of imports, and particularly of consumer durables. Hence foreign exchange enters the country by one route and leaves by another with little or no productive impact.

In the case of Jordan it is difficult to comment on the impact of remittances on imports. These latter rose dramatically from 1974 onwards, partly as a result of the influx of Lebanese seeking refuge from the civil war, and partly as development projects began, funded by foreign aid Jordan received. In an attempt to use remittances productively, the government has introduced a "development bond". Without some such vehicle for transforming cash balances into savings and hence productive investment, there is a danger that remittances will not only be spent importing consumer goods but also encouraging inflation. The rate of inflation has

Table 3.9 Jordan: Workers Remittances, Imports (Mn. $ U.S.) and Related Indices

Year	Remittances	Imports	Remittances as a Proportion of Imports	Rate of Inflation	Proportion of G.D.P.
1973	45	417	10.8	11.1	5.5
1974	75	611	12.2	19.4	6.8
1975	167	942	17.7	11.9	18.0
1976	397	1,272	31.2	15.3	32.4
1977	500*				

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Vol. 13, No. 9, various tables.

"*" Middle East Economic Digest, 31.3.78, p. 20.

been high over the period, and in 1977 was 33.3 per cent. Land speculation, rents and food prices were the most substantial contributing factors. The role of remittances is not discernible without examination of this point in depth, but it seems likely to have contributed to inflation to some degree.

The government may experience a dramatic fall in remittances shortly. When that happens import controls may be necessary in order to avoid severe balance of payments difficulties, meanwhile monetary policies designed to convert remittances into some form of development funds should be continued, perhaps with lessons learned from the Sudanese example(:

(vi) Human Resources Development

Planning economic development in Jordan, or any comparably small economy in the Middle East, is an extremely difficult task. Jordan, dwarfed by the giants of the Near East - Saudi Arabia, Kuwait, and Libya - and small in comparison with even her poorer counterparts - Sudan, Egypt and North Yemen - is particularly vulnerable to external developments.

The rapid departure of a sizeable slice of her domestic labour force after 1973 for Saudi Arabia, the sudden entry of Lebanese rèfugees, the dramatic growth in remittances and the phenomena of high rates of domestic inflation all render the task of development planning in Jordan especially difficult.

In the particular field of human resources development, Jordan has three problems:

(1) how to survive in the short term as labour shortages hamper development;

(2) how to cope with the imminent return of her erst-while migrants;

(3) how to cope with a continuing "brain drain" problem.

The arrival of "replacement" migrant workers from Egypt and Pakistan has served to ameliorate the problems mentioned under (1), but as yet little has changed in the field of domestic employment growth to suggest that it will be easy to re-absorb the returning short term migrants.

These returning migrant workers will be those who left after 1973, who travelled as single men to work in the construction industry in the peninsula states. Typically they are unskilled or semi-skilled.

The likelihood of their return is considerable. Whether this group see themselves as temporary or more permanent migrants is irrelevant. The point is that they occupy jobs which nationals from the Far East, (Korea, Taiwan, Malaysia the Philipines and Indonesia) are increasingly entering. This is for two reasons : first, typically the oil rich states in the peninsula are using Far Eastern companies to design, construct and operate both industrial projects and, in some cases, social services projects, e.g. hospitals. Second, in general Far Eastern skilled, semi-skilled and unskilled workers are now preferred to most of their Arab competitors, because they work harder, accept lower living standards and wages. Therefore, Jordanian migrants in the skill categories described presently working in the peninsula will probably be replaced by Far Easterners in the foreseeable future (for more detail see section 2, especially, I, J, K and L).

The re-absorbtion of these migrants raises a series of potential problems for Jordanian planners. For example, will the domestic labour market prove to be as flexible when job opportunities are declining as it was when they were growing? Will there be a permanent growth of urban populations to the detriment of agricultural output? Will these returning migrants have acquired tastes and ambitions which make it impossible for them to return to the jobs in which they worked before leaving?

It is somewhat ironic that just as Jordan is attempting to cope with a problem of labour surpluses, so a major source of foreign exchange, remittances, will be drying up. Moreover, if peace comes to the region and as the capital rich states utilise Asian labour before Arab labour, so the need and the motivation to support the Jordanian economy will decline. Thus the government's resources for coping with a growing number of unemployed will then be in rapid decline.

(vii) Conclusion

Jordan is essentially a passive participant in the Near East labour market. Her relative smallness compared to other labour exporters makes her more vulnerable to changes in external circumstances than other countries. Without control or influence on the regional labour market or the demand for her labour, Jordan's migration policy is essentially one of mitigating the domestic consequences of rapid and pervasive outmigration. In this she is helped by correct prediction of future labour market trends. The most important of these for

Jordan in the short term is the imminent return of many Jordanian migrants. Government economic policies should plan to absorb a future surplus of workers, not to mitigate a continuing shortage of labour.

3D The Syrian Arab Republic

(i) Introduction

By comparison with other non-capital rich developing nations, Syria's economic performance is enviable. Her gnp per capita in 1975 was $780[45] and is estimated as having grown in real terms at 7.4 per cent in the past decade. By the World Bank standards Syria lies centrally in the league of "Middle Income Countries"; there are sixty four nations listed as less developed than Syria.

Syria has a population of some 7,500,000 millions in 1975[46]. Thus she is smaller than Egypt or Morocco and yet larger than all of the capital rich states and her neighbour, Jordan.

Syria's moderate endowment of oil and her geographical proximity to both the Mediterranean and the oil states of the Near East has given her the opportunity of earning foreign exchange through transiting and processing crude oil from the Gulf to the West.

Although Syria's stock of human capital is lower than government planners wish, it is high by comparison with that of other Arab countries with a literacy rate of 65 per cent (1976, all persons aged fifteen years or more)[47]. Syria has a long tradition of education, with the result that her workforce has been in demand by oil rich states.

This demand caused a rapid departure of certain groups of workers after 1973, and the task of amelioration of the ensuing disruption of the domestic labour market has exercised the minds of government planners. Their efforts are discussed here.

(ii) Disposition of the Workforce

Estimates for 1976 show a total workforce of 1.8 million persons, 5 per cent of whom are women(48). Overall, the crude activity rate is recorded as approximately 24 per cent; rather lower than if all women who worked on farms were recorded as "in employment".

About one half of those officially recorded as in employment work in agriculture (Table 3.10). While some parts of agriculture are organised on a "modern" basis, a large proportion is at subsistence level and organised in traditional ways. It is not surprising that about 280,000 persons work for the government and public sector. Syria has an economy directed by a socialist government, in which much of industry is run by state enterprises. The almost equally large number of defence workers is also expected; not only is Syria involved in the Near East conflict but has an active involvement in Lebanon. The private sector of the economy, reduced through the 1960s by nationalisations, now accounts for about 20 per cent of all employment.

Table 3.10. Syria : Employment by Sector 1976

Economic Sector of Employment	No.	%
Agriculture[1]	916,400	49.8
Government and Public Sector[2]	279,700	15.2
Private Sector	361,400	19.7
Armed Forces and Para Military[3]	236,500	12.8
Unemployment[4]	45,000	2.5
Total Labour Force	1,839,000	100.0

Source: (1) Central Bureau of Statistics, Statistical Abstract, 1977, Table 3/4

(2) Ibid, Table 3.11

(3) International Institute for Stategic Studies, The Military Balance 1976/77 (London, 1977).

(4) Central Bureau of Statistics, Statistical Abstract, 1977, Table 3/3.

Not shown explicitly on Table 3.10 are some 70,000-80,000 migrant workers. In 1975 their number was close to 70,000. By 1976, the reference point of this Table, it would have risen. Expressed as a total of the entire Syrian workforce in 1976 they represent 4 per cent.

(iii) Out-migration of Syrians

Syrians have, since the beginning of this century, travelled extensively abroad. The French left, amongst other things, the legacy of their language, and this probably facilitated Syrian emigration. Rather like the Lebanese, Syrians have emigrated to South America, Canada, Francophone West Africa, Europe, and of course within the Near East.

A second encouragement to emigrate for the more affluent of the country's citizens came in the 1960s with the increasingly strident socialism of the government. During that period, many businessmen and merchants emigrated to Lebanon or still further afield. Some moved to the Arabian peninsula, either taking up citizenship there, or joining the growing semi-permanent community of non-national residents. Typically these migrants were well educated, and relatively few in number. Their movement can fairly be described as emigration. Distinct from this group are the Syrian migrants who, during the 1960s and 1970s, found employment opportunities in surrounding states, usually on a seasonal or temporary basis. Included in this group are those who worked in Lebanon as house builders for part of the year, those who undertook seasonal employment in Jordan in agriculture, and those who worked on the same basis in Turkey. These Syrian migrants were, and are, skilled, semi-skilled or unskilled manual workers.

Throughout the 1970s and particularly after 1973, the oil rich states began to have a growing impact on the Syrian labour market. The demand for labour in oil rich states was for the more skilled and able of the Syrian workforce. In responding to the attraction of the job opportunities in the wealthy oil rich states, Syria entered a new experience of migration. The distance travelled to the place of work was further than before, the migrant better trained, the duration of work longer, and wages were higher.

By reference to the labour market information available on the oil rich states, an estimated 50,000 Syrian migrants were working in them in 1975, and their distribution is shown on Table 3.11.

Table 3.11. Syria : Syrian Migrant Workers in Oil Rich States, 1975

Country of Employment	No. of Migrant Workers	Distribution %
Kuwait	16,500	32.9
Saudi Arabia	15,000	29.8
Libyan Arab Jamahiriya	13,000	25.9
United Arab Emirates	4,500	9.0
Qatar	750	1.5
Oman	400	0.8
Bahrain	50	0.1
Total	50,200	100.0

Source: Based on: Birks, J. S., and Sinclair, C. A., Country Case Studies : Kuwait, Saudi Arabia, Libyan Arab Jamahiriya, United Arab Emirates, Qatar, Oman, Bahrain; International Migration Project, (Department of Economics, Durham University, 1977/78).

It is interesting to note that Kuwait, physically closest to Syria, should employ more Syrians than Saudi Arabia. Of course, the reference point here is 1975, and the position probably changed after then. Perhaps the most surprising aspect of Table 3.11 is the relatively small number of Syrians overall who are found in these countries. Syria's population was about 7,300,000 (1975), when that of Jordan was 2,600,000. Yet the number of Syrians estimated as working in these countries is about 50,000, while the number of Jordanians is estimated to be some 150,000.

However, Syrians had for some years before 1975 worked periodically, but in quite substantial numbers, in Lebanon and Jordan. In 1975, Lebanon ceased to be a market open to the traditional Syrian migrant. Contemporaneously, Jordan was experiencing a growing demand for labour : the loss of the most skilled workers and many unskilled workers from the Jordanian labour market had resulted in "labour shortages" in Jordan by 1975. As a result, Syrian workers were drawn to Jordan in much increased numbers than before to act as "replacement migrants" to those departing Jordanians.

It was, and is, particularly easy for a Syrian to work in Jordan. Damascus is a few hours drive from Amman. Syrians do not require a visa to work in Jordan. Many Syrians, during and after 1975, took advantage of the opportunities open to them in Jordan. The number of Syrian "replacement" migrants is unknown. Jordanian Ministry of Labour estimates for 1975 put the figure at 20,000 . This figure probably errs on the conservative side, and certainly the number grew after 1975. The departure of replacement migrants to Jordan on a new scale and of an increased number to oil rich states engendered in Syria a now common scene in countries of origin of migrant workers in this region : one of "labour shortages".

(iv) <u>Labour Shortages in Syria</u>

The Syrian government has become increasingly alarmed by the departure of certain groups within the labour force, in particular, skilled manual workers, and has on several occasions voiced these concerns[49].

As a result the government has attempted to place strict controls on the number of persons allowed to migrate. However, control has been effective only in the cases of those well educated or presently in government employment, typically professional, technical or skilled office workers. The objective of this group is to travel to the oil rich states, where their services are in considerable demand. However, this type of migration is relatively formal and, for a Syrian, a passport and a travel visa are required. While it is probably possible to evade government controls, it is not easy. As a result many potential migrants of this type are held in Syria.

A group much less amenable to government control comprises skilled and semi-skilled manual workers. Two avenues of migration are open to this group. First, they can easily travel to Jordan and work there. Secondly, government regulations prohibiting the migration of more skilled migrants can be evaded by the migrant providing the authorities with an inaccurate and reduced account of his personal skills and previous experience, thereby obtaining a passport on false pretences.

Thus the groups most able to migrate are skilled, semi-skilled and unskilled manual workers, particularly those from the private sector. Those least able to migrate are well educated government employees, working in clerical or administrative jobs. Reference to Kuwaiti census data suggests that this description of the likely pattern of Syrian migration is borne out; 78 per cent of all Syrian migrants in Kuwait are found in skilled, semi-skilled or manual occupations[50].

At first inspection, government concern over the number of Syrian migrants seems unwarranted: the number of employed persons in 1975 in Syria was in the region of 1.8 million persons. The estimated 50,000 Syrians working in oil rich states is not great but there are an unknown number working in Jordan and Iraq. Nevertheless, expressed crudely as a proportion of the total workforce, the number of migrants abroad seems low. However, if a very high proportion of these estimated 50,000 in oil rich states (and of that unknown number in Jordan and Iraq) consists of skilled manual workers - electricians, carpenters, welders, toolmakers, turners, fitters, mechanics - then the analysis draws to a different conclusion.

Moreover, if we assume that it is from the industrial section of the "public sector" and from the private sector that migrants originate, then they represent a much larger proportion of that group than of the entire workforce. Thus it becomes apparent that the selectivity of the migration process from Syria has served to drain particular sectors of their manpower to an extent that specific shortages have become critical.

Syria's predicament is unusual in that, being on the periphery of the Arab labour market, it is especially hard to find replacement migrants to those who have left Syria. Moreover, wage rates in Syria compare unfavourably not only with those for comparable jobs in the capital rich states, but even with Jordan, a similar capital poor country. Although small in dimensions, Syria's labour shortages will remain critical in nature.

(v) Policy Implications

The official response to outmigration of labour from Syria has been to attempt to reduce its extent. However, judging from the prevalence of skills shortages in Syria it has not been successful in this objective. It appears that those who outmigrate most frequently are those whose movement the government is least able to control: the skilled, semi-skilled and unskilled manual workers. Because the absolute number of skilled and semi-skilled manual workers is small in Syria, the withdrawal of tens of thousands has had a profound impact on the labour market.

Migration abroad for employment is evidently a phenomenon which will occur whatever the government wishes. Government policy should accept this, but attempt to encourage a short duration of work abroad, maximum remittances, and in general attempt to ensure that migrants receive such benefits as training when abroad. A migration policy should be developed in which the individual who migrates is encouraged to return, and is not tempted to stay abroad permanently, fearing that on his return to Syria he may never leave again.

(vi) Conclusion

Therefore the government should reorientate its policy towards migration abroad for employment, and in the future strive more to direct the pattern of outmigration than merely to limit it. A system of incentives should be created for return migrants, and special attention should be given to the use and extent of remittances. (At present these are not accurately known!) Encouragement should be given to a limited number of government officials to migrate within the context of bilateral agreements for short periods. In short it would seem more healthy for the economy if the government aimed to influence outmigration to ends beneficial to economy and society rather than to aim simply to limit its extent.

3E The Sultanate of Oman

(i) Introduction

The Sultanate of Oman is not a true capital rich state (Table 2.1), with small oil reserves and falling revenues, but the plans of the Government and aspirations of the people are typical of those of a highly wealthy oil skeikhdom.

Despite the relatively high level of gross national product per capita, the large majority of the population are dispersed in rural areas. Fishing and farming remain important activities, in the largely traditional sector of what has become a dual economy. Although changing rapidly over the past nine years, until 1970, the Sultanate, then called Muscat and Oman, stagnated under the reactionary rule of Sultan Said bin Taimur; the influence of the world outside was minimised(51). Only in 1967 did oil exports commence, at the low level of 21 million barrels.

Even other Arabs found it difficult to enter the Sultanate, and indigenes were forbidden to migrate internationally. Despite this, migration for employment from Oman was well established in the 1950s. So the Sultanate has now been a labour supplier for some three decades.

The rapid growth which Oman has enjoyed since 1970 has only been made possible by the Sultanate becoming a large scale importer of labour. The number of expatriates working in Oman has become one of the outstanding features of the economy. Such dependance upon expatriate labour is not unusual amongst the rapidly developing "surplus economies" of, for example, Saudi Arabia, Kuwait and the United Arab Emirates, but is remarkable in the case of Oman, because the Sultanate is not really capital rich, and because of the scale of exports of Omani labour.

In view of Oman's limited resources of oil, and the consequent pressing need to develop alternative sources of income, in particular from agriculture, these patterns of migration represent a considerable challenge to the government.

(ii) Population and Workforce of the Sultanate

There is still considerable doubt over the size of the Sultanate's population. Recent reasoned estimates have varied between 300,000 and 1,500,000[52]. Politically motivated figures range still more widely. The present authors settle upon a range of between 450,000 and 600,000, and a working figure of 550,000 has been chosen[53].

The domestic workforce numbers some 137,000 - which includes a number of women (but probably not all of them are covered by this figure) involved in agriculture - of whom some 38,000 are working abroad. The Omani migrants for employment work chiefly in Saudi Arabia (45 per cent) the Emirates (37 per cent) with smaller numbers in the remaining Gulf States (Table 2.8).

The significance of migration for employment upon the domestic workforce is shown on Table 2.9; over 28 per cent of the national workforce are employed abroad. Migration abroad for employment has become a way of life for rural Omanis, who typically supplement their farm incomes with the cash they receive whilst working in the Emirates or Saudi Arabia.

The degree to which migration for employment is important in the rural areas of the Sultanate can be shown by the following figures : of a sampled population of some 17,000, over 15 per cent were absent either seeking or in employment; about one per cent were at home only temporarily on periods of leave from work outside their home area; a further 2.5 per cent had returned from a period of migrant labouring in the twelve months prior to the enumeration. These figures are more striking, and their significance more easily appraised, if they are related to the adult male population only: 74 per cent of males aged between 14 and 40 years were absent from home; only 12 per cent of males aged 15 years and over had not spent at least six months away from home as a wage earner(54).

(iii) <u>Migration and Withdrawal of Labour from the Rural Sector</u>

Migration for employment on this scale represents a considerable withdrawal of labour from the rural sector. The reduction of labour inputs is still greater than the figures of time spent away from home would suggest. This is for two main reasons.

First, the attitude of migrant labourers to agricultural work on return to their home villages between spells of work abroad is significant. In the early stages of the labour movements, Omanis considered themselves to be only temporarily away from home - they thought of the cash wages that they earned as a supplement to their domestic economy. When this was the case, they returned home whenever their labour was needed in the village, for example at date harvest time. They worked hard at home, thinking it important that their gardens and other activities did not suffer from their absence. After a time, however, there was a basic shift in attitudes towards migration for employment; the migrant labourers came to believe, and the population at large to accept, that work away from the village was the <u>major</u> task of much of the working population, the maintenance of the gardens and the local economy as a whole falling only into a secondary consideration. The principle of absenteeism and remittances from abroad had taken a paramount position. Migrants have thus come to believe that, when they are on periods of leave at home, they are actually "on holiday", and therefore do not work at all whilst at home. As a result, many migrant labourers, a significant proportion of the active males of the population <u>make no contribution at all (other than by remittances) to the rural economy</u>. Unfortunately this disinclination to work at home becomes a habit; even when they spend relatively long periods in the home village, they work only little at the traditional (but now to them, demeaning) tasks that used to be their total occupation.

A second facet of this is the occupational change which many migrant workers execute on their permanent return home. Indeed, an important motive behind many migrants' departures is the desire for occupational mobility, which in present day Oman can most easily be achieved by departing to work away from home. Examples of farmers and irrigators becoming taxi drivers, or traders, are frequent. Such changes in employment on the return home, out of for example, tanning, fishing, herding and building into the more modern and "desirable" occupations sometimes take place even at a loss of income; the potential for greater earnings in the future might be a consideration, but it is probably the social standing. The dis-association of these pursuits from manual work is a major attraction.

(iv) <u>The Impact on the Rural Sector of Labour Withdrawals caused by Migration for Employment</u>

The impact upon the pastoral way of life has been profound. Pastoralism, both nomadic and semi-nomadic, has been transformed throughout the Sultanate, chiefly because of the impact of migrant labouring. The nomads' dependance upon animals has largely been superceded by cash incomes derived from migrant labouring, and herds and flocks reduced to a mere fraction of their previous sizes. The pastoralists were the initiators of the movements of migrant labour to the Gulf, and so have become perhaps the most profoundly affected groups of people; they have certainly ceased to be nomads, and in many cases even to be pastoralists.

Migration for employment has bitten deeply at the traditional irrigated agricultural system of Oman. Over the past three decades, the major factor behind the substantial decline in the cultivated area has been the withdrawal of labour from agriculture, mainly to migrate to work away from home. Possibly the most obvious change in agricultural practises resulting from labour shortages is the contraction in seasonal farming.

The production of winter wheat is a relatively labour intensive task and, because it was relatively marginal to the economy, was one of the first aspects of agriculture to be affected by labour shortage. Areas of winter cultivation are less than 25 per cent of their extent of 30 years ago. Whilst several factors are certainly contributory to this (including reduced power of the shaykhs to direct and utilise labour, increased desire to eat rice rather than wheat, for example), the major cause is non-availability of labour, or availability only of labour that is too expensive for such seasonal cultivation to be feasible.

Less obvious, but yet more significant is the decline in the standard of husbandry of date palms. This is despite increases in enumeration paid on top of the traditional truck payments. Efficiency of irrigation has fallen, and less time and money are devoted to care of the palms. Yields are tending to fall.

Most significant of all though, is the decline in available irrigation water. This is the result of lack of servicing and maintenance of _falaj_ irrigation systems(55), or of the wells from which the irrigation water is supplied. Thus some of the contraction in agriculture widely attributed to drought is in reality a consequence of the withdrawal of labour from the local economy. Most important is the increased susceptability of these irrigation systems to drought once the standard of maintenance falls. The effect is cumulative: the major impact of this indirect effect of absenteeism upon agriculture, the reduction in the quantity and reliability of water supplies, is still to be felt unless great efforts are directed towards renovation of some of the systems.

The lack of effort directed by so much of the population towards agriculture and the consumption of capital that this represents is typified by the decrepit state of many village irrigation systems.

(v) Similar Agricultural Transformation in the Yemen (YAR) : Crop Substitution*

The degree to which migration for employment transforms farming systems can also be illustrated by the Yemen (YAR), where migration has been a major influence in crop substitution. Over time, migration for employment from the Yemen began to yield marginal returns to labour significantly higher than those accruing from agriculture. As the differential returns to labour became apparent, the rural population began to reduce labour inputs devoted to agriculture. Migrant labouring became central to the local rural economy.

As in Oman, one of the first consequences of this in the Yemen was a reduction in the amount of seasonal crops grown. The Yemenis also sought to reduce labour inputs into their

*This subhead is included here, rather than under section 3F - The Yemen Arab Republic - because of the close similarity of the process involved in the Yemen and Omani cases.

permanent tree crops. Coffee growing, because of its labour intensive nature, became less attractive. The population, looking for a permanent crop that would yield some cash returns, but importantly for reduced labour inputs, turned increasingly to qat growing. This trend towards increased production of qat in order to reduce labour inputs into agriculture was, of course, reinforced by the slump in the price of coffee, and subsequently by the rise in qat prices. Normally, it is solely to the increasing differentials between the market prices of these crops that the transfer to qat production is attributed. In fact, this transfer would have occurred anyway, even had the relative prices of the crops not changed so dramatically. The farmers were following a strategy of reducing labour inputs to agriculture (whilst maintaining some income from a tree crop) that was fortuitously favoured by relative price movements.

The crucial factors behind the switch to qat growing in the Yemen, then, include the desire to reduce labour inputs into agriculture as well as the relative price movements of the commodities. The significance of this is that readjusting the prices of the two crops will not cause a switch back into coffee production. The Yemenis would be happy to accept lower incomes from agriculture as long as income from migration for employment is available, because whilst the opportunity to migrate is available they seek to minimise labour inputs on their farms.

In short, migration for employment has brought the marginal returns available to labour in the modern sector into the heart of the Yemeni rural economy. Any planned increased labour inputs into agriculture must be felt by the Yemenis to yield equal returns to migrant labouring before they will be implemented. It is this which makes revitalisation of the agricultural system in an area which is a source of migrant labour so very difficult a task for planners.

(vi) The Future of Labour Migration from Rural Oman

It is not likely that the scale of the movement will grow much more, however. At the present only 26 per cent of adult males have not travelled for employment. About one quarter of these are likely to depart in the near future, but some older absentees will return to settle permanently at home. The number abroad has almost reached a dynamic equilibrium. Any substantial expansion in the numbers of migrant labourers would cause the virtual complete collapse of the local economy.

As long as there is a differential in both opportunities and real incomes between Oman and her more developed neighbours, labourers will leave rural areas. The equalisation of real wages between Oman and the Emirates would not be enough to stop migration; only comparable opportunity of employment and career development in Oman to those in Abu Dhabi would cause spontaneous reduction in the numbers migrating.

Perhaps more important to many Omanis than the actual differential in incomes are these wider opportunities available abroad. Although work is undoubtedly available locally, not only is it less renumerative than work in, for example, Abu Dhabi, but it is less desirable to the Omani. A large number of migrants are driven abroad not to find work, but to find easy work. There is always likely to be a greater number of sinicures in the wealthier Arab countries, so this attitude is likely to cause a continuing movement for some time to come.

The future is not bright. At the present, many indications point to a widening in these differentials between Oman and Abu Dhabi, Saudi Arabia, and Dubai. Real incomes, especially of poorer people, are being eroded by persistent high inflation in Oman. In, for example, Abu Dhabi, lower incomes have been able to keep up with inflation rather more quickly than in Oman. Omanis are well able to appreciate this, and many are prepared to act upon the realisation.

Also important is "the tradition of migration" which is developing within Omani society. Kudos associates with the migrant labour movement; those who do not depart to seek work are often thought to be lacking markedly in initiative. In short, it is fashionable to be a migrant labourer.

The migrant labour movement might not continue in its present form. Details will change. For example, the average length of trip will probably fall because of improved communications and continued concentration of movement to the areas nearer home. This might help to offset some of the deleterious effects of the labour migration.

Much less desirable would be departure of whole families, as a result of frustration at what they consider to be the slow pace of change in Oman. Although change (if not development) is proceeding apace in Oman, many, who had experienced the rapid development of the much wealthier Saudi Arabia, expected progress to be as profound in Oman, not realising this was quite impossible. They have become impatient, and are likely to depart en famile for wealthier parts of Arabia.

Migration for employment from the Sultanate of Oman, then, is a major force engendering agricultural decline. From the point of view of the economy as a whole, this is acutely disadvantageous, for in the near future, when the already falling oil revenues fail to supply a government income of the present scale, then the Sultanate will have to rely heavily upon agriculture for employment and foreign exchange. If part of this agricultural decline involves the collapse of irrigation systems it is likely that Oman is suffering permanent loss of agricultural potential.

(vii) Government Policies to Stem Agricultural Decline

Before passing on to government policy efforts to stem agricultural decline, it must be noted that, whilst many disadvantages accrue from the movement of Omani men away from their home villages in order to work, there are considerable material and other incidental gains from which the individual migrants and their families benefit. Migrant labouring has enabled Omanis to buy consumer goods which they would not have been able to gain otherwise. There have been other benefits too - men and women have been able to visit hospitals outside Oman, before they were provided there. This was only possible because of the existence of the institutions to facilitate the movement of migrant labourers. More generally, the horizons of these small communities have been widened, and the aspirations of the Omani population have been altered significantly. Although the narrowly defined educational benefits are limited, migration for employment has resulted in a reinforced desire of many Omanis to enter and maintain a modern economic order.

Migration for employment brings marginal returns to labour in urban Saudi Arabia into the heart of rural Oman. The opportunity cost of working on a farm therefore appears very high to an Omani, who realises the much higher returns for his labour that he can obtain elsewhere.

Furthermore, the differential between local earnings and those of wealthier Arabia are likely to widen rather than diminish. What then, can the Omani government do to keep the population on the land and to stem agricultural decline?

First the government should make available more monies for self-help improvement schemes to village irrigation supplies. This granting of monies (which up until now has only been on a small and irregular basis) should receive a high priority in planning and the budget. Such grants create both local employment for men (which could be quite highly paid) and safeguard water supplies for the future. The schemes can incorporate a variety of simple technological improvements to <u>falaj</u> irrigation systems, and utilise simple machinery such as sand pumps, drills and hoists. Such schemes could therefore generate employment for quite a range of skills.

The schemes would also increase water supplies, and so increase agricultural potential in the immediate term. This could be accompanied by state subsidies of certain crops to increase areas cultivated.

In order that the increased agricultural potential should be exploited, women should be encouraged to take a still more active role in farming (they are already quite deeply involved). Agricultural extension services should be improved and aimed in large part at the rural female population. This could be accompanied by the usual moves made to facilitate improved farming practise, and to improve the status of the lot of the farmer.

In the slightly longer term, the emphasis of rural schooling must be changed so that the children are encouraged to stay in rural areas, rather than move to the urban centres. The problem is one of maintaining quality and direction in a rapidly expanding education system staffed largely by expatriates who have little sympathy or respect for the local rural communities, the children of which they teach.

In short the government must put agriculture genuinely in a high development priority category, and not just pay lip service to the vague need to develop farming. Once this is achieved, then the status of farming as a way of life will rise amongst the rural populations who presently see it for what it patently is - a declining and largely unprofitable sector.

One policy that has been mooted in Oman must be strongly resisted - the utilisation of Egyptian or Asian replacement labour on the farms (see Section 3C for discussion of the Jordanian case). Whilst Asian labour has not yet been employed on farms on any scale, it is utilised even in the most rural areas of the Sultanate. Indians and Pakistanis are employed in stores, as barbers, petrol pump attendants, as well as providing the more skilled services such as tailoring, joinery, and welding.

There is not, perhaps, too much to be said against employment of Asians in rural Oman on this scale - they are not in large enough numbers to create problems and tensions between groups, and do bring a wider range of skills and qualities to help development. There are though, several considerations which militate strongly against any expansion of Asian labour utilisation in rural Oman, and in particular their employment in agriculture.

Although the employment of Asian farm labour may benefit agricultural production in the short term, it would prejudice the attitude of Omanis against farm labouring. At the present, some Omanis will not work on construction sites, nor in the building industry generally, because of its association with immigrant labour. Should such an association develop in the case of agriculture, it would be very detrimental to future rural development. Landless Omanis would be even less inclined to work in gardens than they are at the moment, and an increased number of those owning land would reduce their own labour input and aspire (unjustifiably) to the status of landlord, rather than farmer. It is likely that inputs of Asian labour over a certain level, which would soon be reached, would be largely offset by progressive reductions in contributions to agriculture made by Omanis.

Asian employment in agriculture would, therefore, be to the long term detriment of the rural sector.

(viii) Immigrant Labour and the Omani Modern Sector

So far, this analysis has ignored the fact that in 1975, Oman employed some 5,507 expatriates in government, and 65,000 in private modern sector enterprises. It is ironic that whilst a substantial exporter of labour, the Sultanate has to import what amounts to 30 per cent of public and 70 per cent of private modern sector labour, that is to say some 52 per cent of the modern sector workforce. The irony is compounded by the fact that much of the imported labour is of similar quality to the Omanis who work abroad - they are largely unskilled.

There are three general categories of expatriate labour employed in Oman. First, skilled advisors and senior management. These come mainly from Europe, and are employed within the government in small numbers and by major employers within the private sector, such as the oil company and major construction companies. Second is a group of middle management, middle ranking government officials and teachers. These derive mainly from Jordan and Egypt, and to a more limited degree, the Lebanon, Syria and Palestine. The remaining most numerous group of immigrant labour comprises the unskilled and semi-skilled construction workers, general labourers and still, to a limited degree, within the major employers, drivers. These migrants are mostly Pakistanis and Indians.

One of the Sultanate's overriding policy aims, therefore, should be to attempt to substitute Omani labour (presently working abroad) for the immigrant Asian labour working in the modern sector.

The difficulty involved in this is that Omanis working in the Sultanate's neighbour states are accustomed to higher rewards for work in modern sector employment than the relatively poor Sultanate can offer. Some "spontaneous" return of Omanis to their own modern sector might take place if they loose employment in their present countries of employment (see Egypt, Section 3A) but it is likely that Omanis will not be part of that Arab labour prone to substantial displacement by Asians in the Gulf states. Even so, some net returns will take place, and remittances to these rural communities are likely to fall, serving to accentuate disenchantment with economic growth in Oman. There is therefore likely to be only a slow transfer of Omanis into the modern sector unless the government makes strong efforts to encourage them, by promises of extra reward upon accepting home-based jobs, for example. The government must certainly resist any attempts to control outmigration either generally, or of selective skills.

(ix) Conclusion

In short the Sultanate faces major problems, both in encouraging the development of agriculture, and in enticing her own nationals into domestic modern sector employment on a larger scale.

A persisting dual economy seems likely, as the modern sector continues to develop relying on Asian labour, and as returned migrant Omanis live in and preside over a declining agricultural sector. The constraining factor is that Oman is not wealthy, and may have to accept a slower pace of development which uses her domestic rather than Asian manpower. An inherent problem with this path is that Omanis may not be prepared to accept readily anything less than that which the Sultanate's neighbours are seen to offer, however impractical this may be.

3F The Yemen Arab Republic (YAR)

(i) Introduction

The Yemen Arab Republic is located in the south west of the Arabian peninsula, north of the People's Democratic Republic of Yemen. The terrain is largely rugged and mountainous. Internal communications are consequently difficult, and until recently, were very limited. The first census of the country, taken in 1975, enumerated about 4,700,000 inhabitants. The country is generally acknowledged as poor : by World Bank standards, it is one of the 25 least developed countries in the world enjoying a *per capita* income of $250 (1976)(56). Most of the population gain a living from traditional means, mainly agriculture; the modern sector is small, and provides only limited employment. As a result of poverty and, by peninsula standards, a relatively large population, the YAR has been for some years, and continues to be, a major supplier of labour to Saudi Arabia and the other Gulf states. Some 330,000 persons were recorded as being temporarily abroad at the time of the census.

Migration abroad for employment is pervasive in the YAR; in 1975 it absorbed as many as a third of all male workers. Most adult males migrate once if not repeatedly. Remittances are a major source of foreign exchange, and amounted to $203

U.S. per inhabitant in mid-1976. The impact of migration for employment upon the domestic economy of the YAR is patently considerable, and yet the role of government passive. A large scale return of Yemeni migrants would have a profound impact on the economy.

(ii) The Number of Yemenis Abroad : Some Estimates

The number of Yemenis working and living abroad is a point of contention amongst social scientists and government officials. This has arisen from a poor definition of the migrant population under discussion and disregard of census results.

Yemeni migrants fall into two groups : migrant workers temporarily abroad with or without families, mostly working in Saudi Arabia, and; long term emigrants who have left the country on a semipermanent or permanent basis. Steffan describes this latter group as those abroad for longer than five years who have lost contact with their relatives in Yemen(57). He estimates their number in 1975 as about 250,000 of whom 40 per cent were living in other Arab countries, 20 per cent in Ethiopia and Eritrea and 16 per cent in Europe and North America(58).

This report is not concerned with this group, since for all practical purposes they do not participate in the economic life of North Yemen.

The point of reference for discussion of short term Yemeni migrants is 1975, the year of the census. Initially, before the census was fully analysed, an official estimate of the number of Yemenis abroad was made of 1,234,000[59]. It was unfortunate that this estimate, based on the personal opinions of various advisers to the government, should have been so high.

Since that estimate, several others have been made, some based on the census, others on a variety of economic and social data. The estimates based on the census have been made by Allman and Hill[60] who estimated 348,000 absent Yemenis on census night, and by Steffan who estimated 350,000 short term emigrants on census night[61].

Prior to the release of the full results of the census, Sinclair and Socknat[62], using economic and social data such as border crossings remittances and data on employment in capital rich countries in 1975 estimated approximately 600,000 Yemenis abroad on census night. After the preliminary census result was released, this figure was revised downwards, and the same authors estimated that in 1977 541,000 Yemeni migrant workers were abroad[63].

All these approaches tackle the problem of the number of Yemeni migrants by trying to construct a picture consistent with extant Yemeni data sources. Yet another approach is to utilise the part of the matrix of all migrant workers by country of origin and country of employment in the Near East for 1975 constructed by Birks and Sinclair[64]. This source suggests that, in 1975, 290,000 Yemeni workers were abroad, a number which is certainly compatible with the earlier demographic estimates made earlier, since assuming a crude activity rate of 83 per cent, the total Yemeni community would be approximately 350,000.

There is therefore a consensus of opinion amongst technicians that about 350,000 Yemenis were absent on census night. This figure is much lower than the oft quoted figure of 1,200,000 which has no basis in observable evidence. Having established the order of magnitude of the Yemeni migrant community, the report now examines the significance of this number in terms of the domestic workforce, and the impact of its withdrawal on domestic economic development.

(iii) Migrants and the Domestic Workforce

Most of the labour force work on the land as farmers or in the informal sector (69 per cent). The modern sector employs only 6 per cent of the workforce. In 1975, 63,560 people were recorded in the census as unemployed (Table 3.12). If a figure of 290,000 migrant workers is accepted for 1975, then they represented 20 per cent of the entire workforce. The simple expression of the proportion of the workforce abroad at any one time understates the significance of migration as a source of employment. Migration abroad, and in particular to Saudi Arabia from the Yemen is undertaken at least once by almost every working male and probably several times.

Table 3.12. Yemen Arab Republic : Disposition of Labour Force, 1975

Sector	Number	%
Farmers and Informal Sector	982,000	68.9
Modern Sector	90,200	6.3
Unemployed	63,600	4.5
Workers abroad	290,100	20.3
Total	1,425,900	100.0

Source: Derived from Birks, J. S., Sinclair, C. A., and Socknat, J. A., Country Case Study : The Yemen Arab Republic, (September 1978).

The modern sector of the economy is small and likely to remain so for some time to come. Thus the opportunity of earning a cash income is considerable if a Yemeni migrates, but remains comparatively low if he stays at home. Migrant workers in 1975 represented 76 per cent of all those in wage employment. Hence the earnings and remittances of Yemeni migrants represent the principle source of potential investment funds, apart from aid and foreign grants.

An estimate of average duration of stay can be calculated by dividing gross departures of Yemenis from Saudi Arabia in each year by the estimated total of migrantsin the Kingdom of the beginning of that year. The results (shown in Table 3.13) support the hypothesis that Yemeni migrants go abroad with a savings target and return to Yemen when their target sum is reached; as wage rates have risen, so the time taken to earn a savings target has fallen. Falling duration of periods spent abroad also result from improved communications between the two countries.

Table 3.13. Yemen Arab Republic : Average Duration of Stay of Migrant Workers in Saudi Arabia

Year	Average duration of Stay in Saudi Arabia (Years)
1969	5.6
1970	7.4
1971	8.1
1972	3.5
1973	2.8
1974	2.4

Source: As in Table 3.12

(iv) Impact of Migration on Economic Development

Migration abroad is evidently an important source of employment for Yemenis. The pervasiveness of the process and the suddeness of the changes in patterns of labour migration give the phenomenon a wide impact on Yemen's economic development. This we now consider.

Here it is proposed to examine three facets of Yemen's experience of migration in relation to the economy: (a) the withdrawal of labour; (b) remittances; (c) non-tangible acquisitions/losses of migrants.

(v) Withdrawal of Labour - The Selectivity of Migration

(a) - The Selectivity of Migration

Migrants are typically young men from rural areas, and, in the majority of cases, married. Given these characteristics, the general absence of education or training facilities and the paucity of modern sector employment opportunities in the YAR, concern over a "brain drain" is misplaced. However, there may be selectivity in the migration process whereby the "better" of each group of the labour force depart. Circumstances mitigate against this selectivity affecting the YAR too seriously. First, the tradition of migration for employment is towards Saudi Arabia, and employment in unskilled and semi-skilled occupations, mainly in the construction sector. Thus there is no direct parallel with Jordan, for example, which sends large numbers of professional, technical and skilled workers to the labour-importing countries of the Near East region, so losing them from her domestic economy. Likewise there is little similarity between the Yemeni case and that of those Mediterranean basin countries which export labour to west and north European countries for employment in skilled occupations primarily in the manufacturing sector. In such cases, where middle and higher level manpower migrate for employment, even a limited loss can have serious impact by creating manpower bottlenecks to production.

(b) - Agriculture

A more serious question is the impact of migration on the agricultural sector.* Field survey work has not yet been carried out in Yemen to provide answers to this question. Assessment is made difficult by a lack of agricultural statistics, and varied annual amounts of cultivated area due to vagaries of rainfall. However, there is a growing body of informal evidence that agricultural production has been compromised by the sudden departure of migrant labour. Ross details the collapse of a tomato farm in 1977 in the Tihama following the departure of "200 labourers"(65). Pratt mentions the collapse of terraces, caused by the absence of masons(66), a phenomenon evident to even a casual observer.

As a result of pervasive outmigration of rural labour, agricultural wage rates have risen to the point where Pakistani labour is used on some development projects. As labour has grown scarce so there is a tendancy for less labour intensive techniques to be sought. The mechanisation of agriculture, encouraged further by the advent of quite large cash balances from remittances, has proceeded with mixed success. The introduction of tractors has not been satisfactory, as the typical terrance is too small for the tractor, and the

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* See also Section 3E, the Sultanate of Oman, Part (v), Similar Agricultural Transformation in the Yemen : Crop Substitution.

furrow it ploughs too deep. Water pumps have proliferated on the Tihama, where water has been extracted in such volume that the water table has fallen so rapidly that doubts now exist over the future of water supplies in that area.

A more profound change in Yemeni agriculture has followed from the relative scarcity of labour : a change of product to less labour intensive crops. In particular, coffee and cotton, relatively labour intensive crops, have in recent years been replaced by a labour-cheap crop - the qat tree (see section 3E(v) This trend has been strongly reinforced by the relative price movement of qat and coffee. The transfer is serious since coffee was an exported product and hence a foreign exchange earner.

If there were uncertainty over the impact of pervasive outmigration of farm workers on agricultural production in Yemen, then reference to Oman provides a useful comparison. There the process of migration has a pronounced and long term detrimental impact.

In the Yemen, agricultural output has fluctuated in cereals production but expanded in vegetables and other cash crops. The extant evidence does not give a basis on which to make unambigious judgements. But there are signs that there is a decline of rural infrastructure, and a shift towards capital intensive production techniques and cropping patterns. These responses to changing relative factor endowments may be economically rationale in the short term, but in the medium to longer term the agricultural sector appears to be in a state of stagnation or even decline. Since 70 per cent of the population live and work there, this conclusion is of considerable significance.

(c) - Policy Implications of this Labour Withdrawal

The government is already making energetic efforts to transform agriculture from its traditional origins to a more modern sector. As Yemen has little or no control over the out-migration of agricultural workers, the best the government can hope to do is monitor long term effects of migration, and make special efforts to ameliorate these until the present intensive phase of migration is over.

(vi) Remittances

(a) - The History of Remittances

The remittances of Yemeni migrant workers have become increasingly important to the domestic economy. On paper they have nearly always covered a large and growing adverse balance of trade. Table 3.14 gives figures for the 1970s showing balance of trade and private transfers (generally synonymous with remittances).

Table 3.14. Yemen Arab Republic: Balance of Trade and Private Transfers (in millions of YR)

	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77
Exports	24.7	25.3	55.4	53.0	50.0	83.9
Imports	204.4	410.7	745.0	981.0	1,706.9	3,283.8
Balance of Trade	-179.7	-385.4	-689.6	-928.0	-1,656.9	-3,199.9
Private Transfers	(292.9)*	563.6	594.6	1,013.0	2,363.3	4,561.2

* Private transfers figure for 1971/72 is net; for other years figures are gross.

Source: Central Bank of Yemen, Financial Statistical Bulletin (various issues).

The rapid increase in private transfers is also shown on Table 3.14. Using the 1975 _de jure_ population of 5,036,985 and a 1.86 per cent per annum rate of increase, _per capita_ remittances have been calculated and expressed in annualised rates, on Table 3.15. A comparison has been worked out between _per capita_ gnp and _per capita_ remittances for the 1970s. Table 3.5 shows that _per capita_ remittances grew from $13 in the fiscal year 1971/72 at a time when _per capita_ gnp was just over $100, to approximately $73 in 1975 when _per capita_ gnp was about $225. Unfortunately gnp data for 1977 are not yet available, but clearly, remittances are growing rapidly and represent an increasing share of gnp, however imprecise a measure the figures may be. It is estimated here that by 1976 they represented 46 per cent of gnp.

The danger of interpretating the apparent rapid improvement of _per capita_ income as real improvement is shown by comparing the growth of _per capita_ gnp expressed in current dollars with the cost-of-living index for Sana'a. This, as Table 3.16 shows, leads to the conclusion that inflation, in Sana'a at least, has almost eroded all of the gains to gnp which seem to be largely accounted for by remittances. In view of the limited productive capacity of the country, the limited ports and internal transportation system extant in the YAR for receiving and distributing imports, the inflationary symptoms should not be too surprising.

By mid-1977 remittances were flowing to the YAR at the rate of one and a third billion dollars a year, a sum greater than the gnp of the YAR for 1975.

Table 3.15 Yemen (YAR) : Per Capita gnp and Remittances 1970-1977

Calendar Year	Per Capita gnp*	Fiscal Year	Per Capita* Remittances	Approximate* Relation of Remittances to gnp
1970	$ 69			
1971	$ 96			
		1971/72	$ 13**	
1972	$111			
				17%
		1972/73	$ 25	
1973	$147			
				17%
		1973/74	$ 26	
1974	$197			
				18%
		1974/75	$ 44	
1975	$225			
				32%
		1975/76	$101	
1976	$347			
				46%
		1976/77	$203	
1977	n.a.			

* These figures are intended to be indicative

** 1971/72 remittance figure is net private transfers; for all other years figures are gross private transfers. All prices are current.

Table 3.16. Yemen Arab Republic : Comparison of Per Capita gnp and Cost of Living index for Sana'a, 1972-1976

	1972	1973	1974	1975	1976
Per Capita gnp	100	132	178	203	312
Sana'a Cost-of-Living	100	143	181	224	261

Little data are available on the patterns of expenditure of remittances. The assertion that remittances have covered a rapidly rising balance of trade deficit might appropriately be turned around. It is equally probable that rising remittances have generated demand for an increased volume of imports. Table 3.17 shows the relationship between imports and remittances for recent years.

Table 3.17 Yemen Arab Republic : Imports as a Percentage of Remittances, 1972/73 to 1976/77

1972/73	1973/74	1974/75	1975/76	First three quarters 1976/77
72.9%	125.3%	96.8%	72.2%	59.7%

The apparent decline in the ratio of imports to remittances should be viewed with some reserve. Port congestion and inadequate domestic communications are likely to have constrained imports in 1975/76 and in 1976/77.

How much of the imports bill has been accounted for by machinery and goods related to investment is uncertain. Even if all non-consumption imports were related to investments, however, the long-term beneficial impact would depend upon the appropriateness of the imported technology. As we have seen, in the case of agriculture it is hardly appropriate at all.

In micro economic terms, migrants tend to use their remittances in ways that suit their personal needs or desires. Often they are spent attempting to create a job opportunity, for example, opening a shop or buying a taxi. McClelland (67) reports that "typical investments are houses, buying a bride, cars for taxis, trucks, land, tractors, irrigation pumps". No reference to the social merit of the disposition of remittances, nor to the practicability of every migrant buying a pump or starting a taxi service is made.

While the individual migrant and his family enjoy an enhanced level of consumption, the long term value to the community of the sudden increase in disposable incomes is dubious. The most obvious effect of remittances in rural areas is inflated land, house and bride prices, while the cost of living index shown on Table 3.16 for Sana'a shows a similar position in Sana'a.

There are presently signs that remittances have peaked, and will soon fall quite rapidly[67]. There are two reasons for this : Yemeni labour is now in less demand than in the days of frenetic development of 1976 and 1977, and; wage rates have generally fallen back from their very high levels of those years. Remittances are therefore likely to fall in the short term and quite rapidly.

(b) - Implications for Policy

Remittances are conventionally seen as one of the principal compensations to a poor country for the outmigration of its labour. The case of Yemen seems to support this wisdom, as remittances appear to cover a large deficit on the balance of payments and to contribute approximately half of all gnp.

However, a closer inspection of the impact of remittances yields a less rosy picture. Remittances appear to lead imports; inflation seems in large part to be caused by the sudden wealth of a section of the population; this same wealth may be responsible for a diminished contribution of labour to agricultural production; remittances are subject to violent oscillations. At present, little or no consideration in the use of remittances is given to long term or social development objectives. While it cannot be denied that because of them individual families and areas have enjoyed a high standard of living, the long term benefit to the economy from remittances is not clear. Indeed, in some ways remittances appear as a liability the government could well do without, particularly in such large volume and in such variance.

The government should adopt a "remittance utilisation policy", aimed to convert private cash balances into aggregated funds which are used for purposes consistent with current development efforts.

There are several approaches to the problem presently being tried in the Near East. Sudan, Egypt and Jordan all have active remittance utilisation policies. A major constraint in the Yemen would be the established pattern of transfer of remittances outside the banking system, and the lack of experience of banks of the majority of migrant workers.

Essentially, migrants should be persuaded or obliged to remit their savings through a bank, possibly a development bank, and have the opportunity to purchase some form of development bond, backed by government and the bank. Moreover government could levy a 1 per cent tax on remittances, paid by migrants presently to "agents"(68).

The purpose of the bank and the sale of bonds would be to postpone present consumption, to mop up some of the excess liquidity existing in Yemen, and to provide the opportunity for the development bank to lend migrants remittances to viable projects consistent with Yemen's development objectives.

In government circles it might be argued that foreign exchange and aid already exists in abundance, and the constraint to a more effective use of the same is a lack of administrative manpower and local labour. Hence channelling workers remittances into a development bank would merely add to government's difficulties.

If a development bank were to offer a bond, monies received could easily be held either abroad or locally until such time as domestic investment opportunities emerged.

In any case, the virtues of postponing present consumption and introducing migrants to banking systems remain. Moreover, foreign currency may not be as plentiful forever. The government should therefore give immediate consideration to developing a remittance utilisation policy. There is urgent need to utilise remittances more fully in the short term.

(vii) Intangiable Acquisitions : Migrants' Negotiation for more Training

As well as acquiring an assortment of consumer items and foreign currency, a returning migrant may come back a somewhat different person. Skills, education, ideas and consumption habits are likely to have been acquired or changed. It is valuable to review the range of probable experience abroad.

Jobs which Yemeni migrants occupy in the labour-importing states are generally at the unskilled and semi-skilled level, mainly in the construction industry. Migrants also feature as domestic servants, guards and similar service occupations which require fairly low levels of skill. Only a limited number are likely to have found employment in blue and white collar occupations, especially since regulations were passed in Saudi Arabia curtailing commercial own-account activity by non-Saudi citizens

Given the lack of opportunities for non-nationals to benefit from formal training in Gulf countries, most skills development takes place as a result of on-the-job experience, not an especially strong aspect of education in most Gulf states However, nearly twenty thousand Yemeni migrant children were enrolled in schools in Saudi Arabia in 1974/75, since when numbers have undoubtedly risen(69). On this point McClelland writes: "nearly all of the Yemenis went to Saudi Arabia initially as unskilled workers and that although many of them had acquired skills the majority were still doing unskilled work"(70).

One should not assume that skills acquisition abroad would be an entirely unmixed blessing for the YAR. If the skills acquired abroad were useful only in urban areas, migrants would tend to return to towns, rather than villages so stimulating rural to urban migration.

Government officials should negotiate a "migrant worker training programme" with countries of employment. Occupations useful to both countries involved could be chosen and in these either special training programmes be run (in Yemen or abroad) or a number of places in foreign training centres be allocated to Yemenis.

(viii) The Future of Yemeni Migration

In part 2 the development of labour markets in the Near East is described. The background to the swing away from Arab labour towards Asian labour is explained. It is the opinion of the present writers that there will be a sharp decline in the demand for Yemeni migrant labour in the short term, and a gradual one thereafter. We expect the number of migrant Yemenis in 1980 to be comparable with the number abroad on Census night, 1975, i.e. about 300,000.

Remittances will decline rapidly, reflecting the falling number of migrants and the decline in wage rates. Inflation may hide this decline, but it is inevitable in real terms. Remittances will fall to the more normal levels of 1974/75, about 18 per cent of gnp.

Even although the number of Yemeni migrants abroad will fall from about 550,000 in 1978/79 to about 300,000 by 1980, servicing this latter community with replacements from Yemen will involve a large proportion of the male workforce. Migration will remain a common experience for Yemenis.

It is the violence of the change in demand for Yemeni migrants that causes serious disruption of the domestic economy. The government should negotiate with countries of employment agreed levels of employment over periods of time. Educating countries of employment in the significance of migration for the Yemeni economy is a first step. Moderating their demands for Yemeni migrant labour over time is a second.

(ix) Conclusion

The Yemen has little control over the outmigration of her people; at present she is a typically passive participant in the migration system of the Near East.

In domestic terms the government can act in the fields of:

(a) remittances, and create a remittance utilisation policy;

(b) agriculture, monitoring and ameliorating long term detrimental aspects of outmigration.

In international terms the government should:

(c) negotiate with countries of employment training programmes for Yemeni workers in skills useful to both governments.

(d) negotiate with countries of employment agreed levels of demand for Yemeni migrant workers over periods of time.

3G The Republic of Tunisia

(i) Patterns of Tunisian Migration

If Yemen (YAR) is an example par excellence of a supplier of labour to Saudi Arabia, then so is, or rather was Tunisia, a source of labour for France. Yet Tunisia, unlike Algeria or Morocco, has no long tradition of labour supplying. Only after 1956 did exports of labour become significant.

Tunisian labour emigration can be notionally divided into three phases. (a) Between 1956 and 1964, migration for employment took place despite the ready availability of jobs at home i Tunisia owing to the departure of the French (and, subsequently, the Algerian and Libyan) communities. (b) Between 1964 and 1973, when domestic labour supplies markedly exceeded domestic demand, numbers of workers migrating to France increased, culminating in the departure of almost 21,000 workers in 1973. During this phase of migration, much official encouragement was given by the Tunisian Government to workers who wished to depart; the Office des Travailleurs Tunisiens a l'Etranger de l'Emploi et de la Formation Professionelle, whose function was to relate labour offers and demands, was established. (c) Following 1973, and the onset of recession in Europe, numbers of Tunisians finding employment in France fell quickly.[71]

Fortuitously, from the point of view of Tunisia's work-force, contemporaneous with the fall off in the demand for labour in Europe was the expansion of the Libyan labour market. Alternative opportunities for Tunisians in Libya apparently went some way towards making up for the loss of employment in Europe. However, during this period, since 1973, the Tunisian Government has chosen to discourage migration for employment. Despite this, the numbers of Tunisians abroad in Libya has risen rapidly, as large numbers of migrants have travelled spontaneously, without official Tunisian blessing across the border into Libya.

The trend of falling numbers departing for France contemporaneously with rapid increases in the departures for Libya is illustrated by Table 3.18.

Migration of workers from Tunisia to France will continue, but only on a small scale and often of a seasonal nature. Migration to France is effectively a closed option; there is some room for manoeuvre for Tunisian negotiators to secure more opportunities for Tunisian workers within the EEC, but this should not be exaggerated.

Table 3.18. Tunisia : Migration of Workers by Year and by Country of Destination

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
France	5,800	6,600	6,500	6,100	14,930	11,070	9,970	9,890	20,860	4,190	820
Libya	120	1,290	4,660	1,650	1,370	580	2,980	5,860	11,520	5,000	3,360
Germany	30	330	170	480	2,090	4,990	2,770	1,520	2,570	70	
Holland	–	10	–	–	–	50	380	130	420	40	
Austria	–	–	–	–	–	–	300	110	20	20	
Belgium	–	–	–	–	30	100	120	10	50	30	40
Switzerland	170	250	220	220	190	160	130	120	70	50	
Others	270	140	30	20		30	70	20	50	30	

Sources: Republique Francaise, O.N.I., O.T.T.E.E.F.P., 1977 p. 7.

This analysis now focusses upon a much more live issue - the migration of Tunisians to Libya, and present advantages and future possibilities that this movement represents for Tunisia.

(ii) Migration to Libya

Recorded numbers of Tunisians entering Libya doubled every year between 1970 and 1973, when some 12,000 workers migrated under contract. This legally recorded movement, however, is only a small proportion of the total transfer of labour between the two countries. In 1971, for 2,950 who migrated to Libya by legal contract, over 40,000 were intercepted by the Tunisian army whilst they were attempting to cross the border. A further 6,000 illegal migrants were repatriated by Libya during that year. In one month in 1972, repatriation by the Libyans of illegally resident Tunisians amounted to 4,300.

With illegal movements of this scale, it is not surprising that the stocks of Tunisian labour employed in Libya are as hard to define as the flows. OCDE statistics suggest that some 45,000 were working there in 1973[72]. Some estimates suggested that, by 1974, the number has risen to 80,000[73].

The present authors, by reference to Libyan, and Tunisian sources, and the matrix of employment of migrant labour in the Arab world (table 2.8) estimate that, in 1975, the number of Tunisian workers in Libya was 38,500. . Since that time, their numbers have risen significantly, despite political alterations between the Tunisian and Libyan governments. In 1978 there are probably some 50,000 Tunisian workers in the Libyan Arab Jamahiriya.

The number of dependants is relatively few, however. The high proportion of clandestine migration means that the menfolk tend to travel alone. In 1975, there were about 4,000 dependants. Their numbers are rising less rapidly than those of the economically active.

The degree of clandestine migration makes it difficult to be certain about the characteristics of the migrants. The occupational distribution of workers travelling to Libya in 1975 is shown in Table 3.19, where it is contrasted with the migrants departing to France in that year.

Table 3.19. Tunisia : Occupational Group of Migrants 1975 (per cent)

Occupational Definition	France	Libya
Manual	18.3	57.5
Skilled	44.1	21.9
White Collar	32.1	17.8
Highly Skilled	5.5	2.7

Source: Project Remplod, Le travailleur migrant et sa region, (Rapport d'enquete, roneo, Tunis, 1975)

This table suggests that the migrants departing to France were more skilled than those departing for Libya. This might well be misleading, however; a year earlier, France was accepting proportionally more skilled migrants than was Libya. This rapidly changing distribution is because of the different phases if the two migration flows, but might be exaggerated by the nature of the two samples.

(iii) Migration for Employment and the Tunisian Labour Market

In 1975 the active workforce of Tunisia totalled some 1.9 million persons, of whom 73 per cent (1.4 million) were men. Official figures show unemployment as relatively constant between 1966 and 1975 at between 15 and 16 per cent of the labour force. Absolute numbers of unemployed have, of course, grown though, from some 148,000 in 1966 to almost 200,000 in 1975. Nevertheless, this should not obscure the fact that over this period, employment had expanded by almost 2.7 per cent per annum. These figures are misleading, however, not least because they do not include the seasonally employed, most of whom have work for only a small part of the year, during the harvest; many also still migrate to France for seasonal employment.

Some 43 per cent of Tunisians workforce are in agriculture and fishing (which only contributes 16 per cent to gross national product). The skill distribution of Tunisians employed outside agriculture is shown in Table 3.20. The pattern is a familiar one, with but few professional workers and a relatively large number of "transport workers and labourers". This pattern is endorsed by the fact that some 57 per cent of the workforce (agricultural and non-agricultural) is illiterate. Only about 14 per cent have experienced post-primary education.

In view of this, to what extent does the export of labour from Tunisia appear to strip the domestic labour force as has been suggested in the case of some other suppliers of labour within the Arab world?

In Tunisia's case, the exports of labour to the Arab world represent some 2.8 per cent of the domestic labour force (1975),

Table 3.20. Tunisia : Professional Status of the Population 1975

	1975	%
MALE		
01 Professional, technical and related workers	56,090	8.2
02 Administrative and managerial workers	4,470	0.6
03 Clerical and related workers	68,630	10.0
04 Sales workers	72,040	10.5
05 Service workers	67,230	9.8
07, 08, 09 Transport, equipment workers, labourers, etc.	415,650	60.8
Total non-agricultural	684,110	100.0
FEMALE		
01 Professional, technical	16,000	8.3
02 Administrative	230	0.1
03 Clerical	17,160	1.3
04 Sales workers	2,580	1.3
05 Service workers	26,710	13.8
07, 08, 09 Transport, equipment, manual workers	130,330	67.5
Total non-agricultural	193,010	100.0

Source: Republique Tunisienne, Recensement general de la population et des logements (8 mai, 1975 Tunis).

lower than any other country in Table 2.9 (page 27) except the Sudan. As a proportion of the non-agricultural labour force, the exports of labour comprise about 5 per cent. This contrasts with the Sudanese case, where labour exports amounted to some 15 per cent of the relatively smaller modern sector.

Thus Tunisia's exports of labour to the Arab world are on a relatively small scale, compared to her domestic labour market. This small scale of migration for employment can also be illustrated by reference to the body of unemployed in Tunisia. Even if the number of Tunisian migrant workers in Libya were to increase sevenfold, it would only equal the number of unemployed Tunisians in 1975, who totalled 268,000.

Although it is true that a substantial proportion of the Tunisian migrants for employment do have skills which might well be useful in Tunisian domestic development, the relatively small scale of the exports means that the domestic labour market has not been disrupted by labour exports to the extent of other labour supplying countries in the Arab world.

The relatively modest impact of migration for employment can also be shown by reference to remittances. Table 3.21 shows remittances as a proportion of service receipts and the total current amount of the Tunisian balance of payments. Remittances comprise about one fifth of service receipts, and consistently less than 10 per cent of the total current amount. This obviously contrasts markedly with, for example, the Yemen, as discussed previously. Moreover, although rising significantly, the remittances to Tunisia have not been subject to the precipitate vascillations experienced described previously. Income from foreign workers rose four-fold between 1970 and 1976 to $151.6 Mn.

In short, the impact of migration for employment upon the Tunisian labour market and economy has been relatively gentle. A deleterious impact is discernable, though. Shortages of unskilled labour have been experienced for olive harvesting, and signs of agricultural decline are apparent. However, there have not been profound and widespread shortages of labour either in the modern or agricultural sectors which have been caused by migration.

Table 3.21. Tunisia : Income from Workers Abroad as Part of the Balance of Payments, 1970-1976

Remittances as a percentage of:	
Service Receipts	Receipts to Balance of Payments Current Account
17.6	7.89
20.2	9.46
23.5	8.34
20.7	9.66

Source: Banque Central de Tunisie, Statistique Financiers, Publication Trimestrielle, 45, 1977, p.64

(iv) The Direction of Tunisian Labour Exports : Options for Planners

Tunisian government policies in respect of migration have been largely directed towards the European connection. Tunisia at present has in force an established programme for the return home of her workers from France, for example.

The closure of the European labour market in 1973 has left the Government with an official policy of discouraging migration for employment, despite continuing labour surpluses in Tunisia.

While the Fourth Plan (1973-76) achieved moderate success in providing new employment, unemployment amidst younger (and the most migration prone) cohorts of the population continued to accelerate. The dearth of modern sector employment in certain regions of the country, most notably in the interior gouvernorats, in part explains the development of new migration flows from the areas of under and unemployment to Libya. Currently Libya offers opportunities of well paid employment for skilled and semi-skilled workers, such as teachers, engineers, masons and builders, as well as for manual workers. It seems unlikely that the unemployed of Tunisia will be able to resist such an attractive labour market, and government bans on migration will only encourage clandestine movement.

The benefits of the Libyan labour market as a relief for Tunisian unemployment should not be overstressed, however. In the first place, Libyan employment opportunities did not simply mop up the returning labour from Europe. Early employment opportunities, in particular, in Libya were for less skilled and qualified workers than were employed in France. Thus there was not a simple re-allocation of the same labour which had earlier been in France to the Libyan labour market. There was, in fact a complex and profound change in the labour market. Farm workers in the south east of Tunisia, those least likely to have been able to migrate successfully to France are able to migrate over the border to Libya in large numbers, often clandestinely. Many who had returned from France remained in Tunisian towns, often under-employed and frustrated.

Moreover, the longer term potential of the Libyan labour market to absorb Tunisian labour is not as great as might be imagined. The total demand for <u>migrants of all nationalities</u> in Libya in 1975 was 330,000[74]. At this time the total number of unemployed in Tunisia was 270,000.

In view of the fact that the Libyans are becoming increasingly disposed towards employment of south east Asian labour (sections 2(K) and 4), the growth in employment opportunities for Tunisians is unlikely to be very great. In any case, as Tunisians are aware, because of their French experience, it would be unwise for them to commit too many migrants to one labour market. Indeed, if the turn down in the demand for Tunisian migrants was thought sharp in Europe, the possible fall in demand for Tunisians in Libya could be precipitious. In expanding exports of labour to Libya then, even if large increases were possible, the Tunisians would be courting potential crisis in the form of a rapid substantial return of workers.

Prospects for an expansion of employment of Tunisian labour elsewhere in the Arab world are bleak. All the reservations of employers noted in respect of their reluctance to employ Egyptian labour apply to some extent in the case of Tunisians. There is, furthermore, the question of Tunisia's distance from the main countries of employment, and the fact that Libya lies between Tunisia and the Arabian peninsula.

Although some of the better qualified Tunisians will find employment in the capital rich states, their numbers will be limited. Relatively few unskilled Tunisians will find employment east of the Nile.

(v) Conclusion

Despite the fact that unemployment is growing in Tunisia, particularly amongst the younger age groups, there is only a limited potential for increased migration for employment of

Tunisians. Planners should use the opportunities in Libya to mop up short term unemployment, but always bear in mind what an unstable market they are involved with and, crucially, always consider this participation short term. Positive measures, as outlined in the case of Syria, should be used rather than restrictive efforts to encourage the return of those members of the workforce most urgently needed to further domestic development.

Perhaps migration for employment is best considered only a small part of Tunisia's future. A combination of a surprisingly healthy economy and lack of potential of employment overseas in the Arab world should focus Tunisian efforts upon employment creation at home. Present problems associated with labour migration to the Arab world are, in any case, relatively slight, and probably only transitory.

3H The Kingdom of Morocco

(i) Introduction

The Kingdom of Morocco is yet more peripheral to the Arab world than is Tunisia, and is orientated still more towards Europe. The departure of the French in 1956 did not alter the reliance of Morocco upon Europe in general, and France in particular. Many teachers and other professionals in Morocco are still French, for example, and a large proportion of trade is with France.

There are some 190,000 Moroccan migrants in Europe, mostly in France. Most migrated during the period 1964-1974. The 1960s saw the emergence of expanding markets for migrant labourers, owing to the European recovery, in which Moroccan labour participated extensively, but like the Tunisian migrants they have been badly effected by the recession of the 1970s. Belgium, the Netherlands, Germany and France, all important employers in the 1960s and early 1970s are now all closed to Moroccan labour. Being amongst the least skilled migrants to Europe, the decline in European demand has had a particularly acute impact.

Moroccans have also featured large in intra-Maghreb movement since the beginning of this century. However, this market, like the European, is no longer open for Moroccan migrants. An unfortunate consequence of the Moroccan/Algerian border dispute over the western Sahara was the forced repatriation of some 30,000 Moroccans between December 1975 and January 1976.

(ii) The Domestic Labour Market of Morocco

The population of Morocco doubled between 1935 and 1971, and by 1977 had risen to over 18 million persons. It continues to grow at 3.5 per cent. By the end of the century Morocco's population will have reached 40 millions, the present population of Egypt.

Although school enrolments are increasing rapidly, over 88 per cent of the rural population are illiterate as are 76 per cent of the total adult population. Although educational standards in towns are rising, the sad fact is that opportunities for new entrants to the labour market are limited, and not growing rapidly.

Economic growth during the 1960s was limited, the level of gdp per capita scarcely altering, remaining below $200. About 50 per cent of the population are employed in the agricultural sector, which contributes only 25 per cent of gdp. Inefficiency in agriculture, despite considerable natural potential, is shown by the fact that food imports have recently begun to exceed exports(75). Mining dominated by phosphates, contributes 9 per cent of gdp, but has been an unstable foreign exchange earner, the market for phosphates having been in recession since 1975.

Table 3.22. Morocco : Estimate of Employment by Economic Sector, 1977

Economic Sector	Number	%
Agriculture and Fishing	2,135,000	48.0
Mining and Energy	80,000	1.8
Manufacturing	600,000	13.5
Construction	370,000	8.3
Commerce	345,000	7.7
Transport and Private Services	580,000	13.1
Government Services	340,000	7.6
Total	4,450,000	100.0

Note: This table includes a number of unemployed estimated at 450,000

Source: Secretariat d'etat du Plan, Plan de Developpement Economique et Social, 1973-1977 (Rabat, 1973), pp. 119-121.

It is therefore not surprising that unemployment is widespread in Morocco. Of the workforce of 4.4 millions in 1977, (a crude participation rate of 24 per cent, though again many women in agriculture are excluded from this; a value of 30 per cent would be more representative) it is estimated that 450,000 are unemployed(76).

Two particular factors are responsible for this high level of unemployment. First, the programme adopted by the government to combat unemployment through public workers and job creation has been largely ineffective. It proved to be a temporary palliative rather than a permanent solution. Today such schemes provide only 50,000 jobs, a small proportion of the unemployed.

The second factor behind this unemployment is the closure of the European labour market to Moroccans. The slump in European demand for Moroccans in 1974 was dramatic : in 1973 30,000 migrants left Morocco; in 1975 the number had fallen to 3,000. Yet despite this, Moroccan planners continue to rely upon out-migration in order to reduce unemployment, as is demonstrated in section (iv) below.

(iii) Rising Significance of Remittances

Concern about the downturn of Moroccan labour exports is heightened by the recent increase in the significance of remittances. Though again not as acute as in the case of, for instance, the Yemen, monies sent home have risen steeply. Remittances had come to exceed the income from phosphate exports by 1973 (Banque du Maroc, 1976).

The increase in income from remittances is in part a reflection of the larger number of Moroccan workers abroad, but also reflects improved banking facilities for Moroccans. The threefold increase in remittances is related to the incentives introduced by the Banque Populaire. The crucial role of remittances to the Moroccan balance of payments is emphasised by the policies introduced in June 1978[77]. Despite reduced migration

Table 3.23. Morocco : Income from Remittances 1966-1976 (US $ Mn.)

Year	Income from Remittances	Income from Phosphates
1966	31	105
1967	41	108
1968	39	107
1969	60	109
1970	62	113
1971	95	116
1972	139	146
1973	249	192
1974	358	937
1975	526	691

Source: Banque du Maroc, Exercise 1976 (1977. Rabat)

flows, the Moroccan government requires to maintain the high level of national income from remittances. Moroccan workers are to be given preferential exchange rates when repatriating their savings(78).

Apart from being crucial to the overall national economy, a decline in remittances will also aggravate regional disparities in income within the Kingdom. It is the poorest and most marginal regions, rather than the economic and political cores, which are most sensitive to the vagaries of international politics affecting migrant opportunities and earnings abroad. Regional inequalities within Morocco precipitate distinctive regional patterns of emigration. Indeed emigration from Morocco may be regarded as much a regional problem as a national one(79). In the light of the level of commitment to foreign employment as a source of income the terse comment in the periodical Lamalif seems justified: 'on mesure donc la catastrophe que la decision francaise va entre pour l'economie Marocaine'(80).

(iv) Potential and Policies for Moroccan Migration for Employment

Government and economic plans include extensive reference to the likely volume of outmigration and its impact on the reduction of unemployment in Morocco. This is based reasonably upon past experience when domestic unemployment has certainly been tempered by the absence of migrants for employment in Europe. However, Moroccan planners can no longer reasonably postulate continued absorbtion of their workers by European labour markets (table 3.24).

Table 3.24. Morocco : Number of Migrants leaving for Europe 1973-77

	1973	1974	1975	1976	1977
Number of Migrants	29,700	14,100	2,900	1,800	1,300

Source: Plan du Developpment, 1973-1977, p. 122. ONI, Statistiques de l'immigration, Annee, 1976, 1977, (Paris).

Indeed, with the probability of migrant returns on a large scale from France looming large the policy of labour exporting now appears to have been no more than a method of accumulating labour management problems for the future. The policy of labour absorbtion by emigration rather than employment creation at home is being shown to be a short term option only in the Moroccan case.

We assert there are few alternative markets abroad for Moroccan labour. In particular, opportunities for Moroccans in the Arab world are more limited than might be postulated at first inspection. It is true that in 1977 some 8,500 Moroccans were reported to have found work in Libya. In September 1976, an agreement was signed between Morocco and Saudi Arabia for the transfer of 50,000 to 100,000 workers. However, these labour movements (indeed, the agreement with Saudi Arabia has yet to become a movement) are misleading and should not give rise to optimism.

International migration of Moroccans to the Arab world will not be the new pattern of the future : Moroccans have neither the skills nor the institutional framework required by Arab labour importers. In exporting labour to the Arab world, Morocco faces far greater problems than those enumerated in the Egyptian case.

In the face of these stumbling blocks, peripheral Morocco, with her poorly qualified potential migrants, will find little opportunity to send workers abroad to the Arab states.

It is not an overstatement to say that the Moroccan government will shortly have to face a crisis. Population growth adds daily to the demands upon social services, an ever increasing number of youths enter the labour market each year - some are highly educated, but the majority of the population is illiterate; agriculture cannot absorb more labour; the remainder of the economy is small, dependant upon France and phosphates; no scheme of economic development can absorb the half million unemployed; and migration for employment is decreasing as a potential means of mopping up the labour force. As time passes, these problems will assume a similar scale to those experienced by Egypt at the present.

As these problems evolve, migration for employment will become increasingly irrelevant to Morocco's planners, though they will look back on it as one of the factors which aggravated their difficult circumstances. In short, USAID policies in Morocco should be directed towards employment creation in the domestic economy - migration for employment is not an issue of the future. If it does increase again, it will be in the form of renewed movement to Europe, about which Moroccan negotiators will be well briefed and experienced.

PART 4. PROJECTIONS OF THE NEAR EAST LABOUR MARKET TO 1985

4A Introduction

In the preceding sections, an underlying theme to the analysis has been the increased participation of Asians, (from the Indian subcontinent, but in particular from the Orient) in the Near East labour market.

In order to quantify these trends, a crude projection of labour demand and supply is undertaken here. The objective of this projection is to examine the implications of the trends perceived using the data available. The projection is crude, approximate, and relies heavily on certain key assumptions. However, no amount of sophistication in model design can remove the need to incorporate assumptions. The projection show the results of development along two particular paths. They are not intended to be predictions of the future but rather aids to an analysis of labour markets in the Near East, and in particular to show the significance of these market trends for the capital poor labour supplying states with which this report deals.

4B The Domestic Demand for and Supply of Labour

The projections deal with labour demand in the capital rich states only, since, from the present perspective, this is the significant international demand. The methodology of projection of labour demand is made as simply as possible: for each capital rich state the growth of total employment in a period prior to 1975 (say 1970-1975) is charted. Employment in 1975 is known and this is projected forward at the most likely rate in view of the previous growth rates, development plans and stated objectives. Employment in 1975 and 1985 is shown on Table 4.1for each capital rich state. Table 4.1 shows that overall employment increases by 4.6 per cent per annum between 1975 and 1985. This amounts to some 1.9 million extra workers.

Table 4.1. Major Capital Rich States : Total Employment Projected to 1985

	1975	%	1980	%	1985
Saudi Arabia	1,799,900	5.0	2,297,200	3.5	2,728,400
Libyan Arab Jamahiriya	781,600	5.8	1,036,000	4.5	1,291,000
Kuwait	299,800	4.7	377,100	3.2	441,400
United Arab Emirates	296,500	5.4	386,500	5.4	502,700
Bahrain	75,800	4.1	92,700	3.5	110,100
Qatar	66,300	9.9	106,300	5.5	138,900
Total	3,319,900	5.3	4,295,800	3.9	5,212,500

A proportion of total labour demand was, in 1975, met by indigenous labour supplies and, to estimate the same for 1985, indigenous workforces have been projected forwards at a rate which is consistent with that of the period 1970-1975. However, this rate is adjusted to take into account likely changes in relevant economic or social variables (naturalisations, and the participation of women in the economy). The national work-forces of the six capital rich states are shown to rise in total from 1,670,000 persons in 1975, to 2,200,000 in 1985, at an annual rate of 2.6 per cent (Table 4.2). Therefore, the residual obtained from Tables 4.1 and 4.2 gives an estimate of the required number of migrant workers. These, it is known,

Table 4.2. Major Capital Rich States : Employment of Nationals Projected to 1981

	1975	%	1980	%	1985
Saudi Arabia	1,026,500	2.0	1,133,300	2.2	1,263,600
Libyan Arab Jamahiriyah	449,200	3.2	525,800	3.0	609,500
Kuwait	91,800	5.0	117,200	3.2	137,200
Bahrain	45,800	4.5	57,100	3.2	66,800
United Arab Emirates	45,000	3.2	52,700	3.0	61,100
Qatar	12,500	4.5	15,600	3.2	18,300
Total	1,670,800	2.6	1,901,700	2.5	2,156,500

were some 1,700,000 in 1975 (in these six capital rich states only) and so become 3,100,000 in 1985.

The projection is highly aggregated : labour is assumed to be homogenous, which it is not, and patterns of development are assumed to remain after 1979 until 1985 very much as they presently appear. However, they are indeed unlikely to change dramatically. By examining the aggregate pattern, inadequacies in specification are of a diminished significance. Also reduced, though, is the utility of this projection in planning terms to any one country. However, the labour supplying states will be concerned with the overall pattern.

4C The International Supply of Labour

In 1975 three quarters of all migrant workers in the capital rich states were Arabs, and it is this group upon which this assessment focusses. The estimation of the future supply of Arab labour is based on a key assumption: by 1975 the

Table 4.3. Number of Arab Migrants Abroad in 1975 and Projected Number for 1985 by Country of Origin

Country of Origin	1975 No. of Migrants	Once and for all Increase	Annual Growth of Migrants Abroad	No. Available in 1985
Egypt	397,545	50,000	3.0	601,600
Yemen (YAR)	290,128	15,000	3.0	409,200
Jordan and Palestine	264,717	20,000	3.0	382,500
Yemen (PDRY)	70,630	-	3.0	95,000
Syria	70,415	-	3.0	95,000
Lebanon	49,661	5,000	3.0	73,000
Sudan	45,873	10,000	3.0	75,000
Tunisia	38,649	40,000	3.0	115,000
Oman	38,413	-	3.0	51,000
Iraq	20,625	-	-3.0	11,000
Somalia	6,547	5,000	3.0	15,000
Morocco	2,529	-	3.0	3,300
Algeria	18	-	-	-
Total	1,295,750	-		1,926,600

Sources: Table 4. and authors' estimates majority of Arabs from the countries of origin who were able and willing to migrate, and whose skills were employable in the capital rich states, were already abroad. Confirmation of this view is given by the growing concern of governments in capital poor states (noted throughout this report) that labour shortages were appearing in domestic labour markets, such as those of Jordan and the Sudan. Egypt is incapable of supplying large numbers of additional migrants for the reasons demonstrated above (Section 3A (iii).

Therefore, the estimate of the additional number of migrants from Arab countries of origin rests on the fact that large reserves of migrant labour did not exist after 1975. However, it is assumed that the draw of the high real wages in the capital rich states did attract an additional number who had not left their Arab country of origin in 1975. These are shown in Table 4.3 under the heading "once and for all increase". This number is added to those already recorded as abroad in 1975. In recognition of population increase and an inevitable number of extra Arab migrants annually, the total is increased by, in most cases, 3 per cent per annum from 1975 to 1985. Thus on Table 4.3, 1,300,000 Arab migrants abroad in 1975 are shown, just over 1,900,000 "able and willing" Arab migrants are predicted by 1985.

A net increase of the stock of migrants for employment abroad of 3 per cent in gross terms represents an actual flow of new migrants which is considerably higher than 3 per cent. Most migrants return home after a few years abroad; a typical migrant workforce would be one in which about 25 per cent return home each year. In addition to these 25 per cent, each year a proportion die or retire permanently, say one per cent. Thus to increase the stock of migrants abroad by 3 per cent per annum requires the departure from home of about 29 per cent of the stock abroad. Therefore, while a net increase of 3 per cent per annum is not a dramatic increase, it implies a continuing traffic of migrants of large proportions.

4D The Resolution of Demand and Supply

At this point, where demand for labour is reconciled with the supply, the nature of the assumptions made becomes critical to the resulting picture.

Two scenarios are presented. The first is one in which every able and willing Arab migrant finds employment in one of the capital rich states. This demonstrates the maximum possible contribution of Arabs to the development of capital rich states. The second scenario employs the implications of this analysis in respect of the discerning features of the labour markets of the capital rich states since 1975; increasing employment of Asians within the Arab world. The resultant pattern of migration differs markedly depending on which scenario is accepted.

(i) Scenario One : Maximum Arab Pentration of Capital Rich Labour Markets

Tables 4.4 and 4.5 describe the two scenarios under discussion. The total demand for labour, the contribution of nationals, the residual demand for the services of migrant workers, and their distribution by region is presented for 1975 and for 1985. In each case the information pertaining to 1975, which derives from Tables 4.1, and 4.2, is the same.

The distribution of migrant workers in 1975 by region of origin is familiar from Table 2.7: 75 per cent of all migrants were Arab, 17 per cent Asian, and the remaining 8 per cent "Iranians and others", "Europeans" and "Orientals".

In the first scenario, it is assumed that the entire number of 1.9 million "able and willing" Arab migrants (derived from Table 4.3) are employed in the capital rich states. It is also assumed that the demand for the services of "Europeans" rises to 70,000, where it is stable. Capital rich states need that many Europeans, and they are forthcoming. It is predicted that the number of "Iranians and others" falls from 86,100 in 1975 to 70,000 in 1985 Iranians, who comprise most of this group, are increasingly drawn back to Iran as development proceeds there. Recent developments in Iran do not, it is felt, call this presumption into question. The number of Asians employed increases from 277,500 to 500,000 from 1975 to 1985.

This leaves a deficit of some 489,400. This, it is postulated, is met by Orientals. Therefore, the relative market shares of each group in 1980, in the scenario presuming the capital rich states' labour market to be receptive of and open to Arab migrant labour, to the extent that Arab countries of origin are able to supply migrant labour, is as follows: Arab migrants, 63 per cent (1975, 75 per cent); Asian migrants 16.4 per cent (1975, 16.8 per cent); Oriental migrants 16.0 per cent (1975, 0.9 per cent); European migrants 2.3 per cent (1975, 2.1 per cent); Iranians and others 2.3 per cent (1975, 5.2 per cent).

Two aspects of this are important in the context of this study : first, the labour markets of the capital rich states will have to continue to rely on non-Arab labour to an increasing extent; even when every Arab migrant is accepted, there remains a shortfall of employment. Therefore, even if all available Arabs are employed in the capital rich states, their proportional contribution to the labour market falls. Secondly this shortfall in the supply of labour will be met from Asian sources, and increasingly from the Far East in particular.

(ii) Scenario Two : A Selective Labour Market, less open to Arab Labour.

The analysis of labour markets of capital rich states in Section 2 of this report has shown that they have become and are continuing to be increasingly selective over which nationalities are employed. This background to Arab migrant workers being less in demand than those from the Far East has been discussed at length.

In scenario 2 it is assumed that as a result of these market trends, the number of Arabs working in capital rich states remains constant and does not rise between 1975 and 1985. Arabs remain in employment; each one who retires or who returns home is replaced by another Arab migrant. However, every new job is given to an Asian or an Oriental migrant. In the light of the preceeding pages this is quite a possible situation. Indeed, it is postulated by the authors of this report to be the one closer to reality. In this more realistic scenario, the Arab migrants' share of the capital rich states' market falls from 75 per cent to 40.5 per cent in 1985. Together, Asian and Oriental migrants increase in number from 1975 to 1985 from 292,000 (17.5 per cent), to 1,679,400 persons (55 per cent).

Thus, by 1985 the labour market of the Arab world will have dramatically different characteristics to those which it had in 1975. Such is the pace of change in the Near East that this should come as no surprise.

Table 4.4. Resolution of Labour Demand and Supply : Maximum Arab Penetration of Capital Rich Labour Markets

	1975	per cent	1985	per cent
Total Labour Demand	3,319,900	100.0	5,212,500	100.0
of which nationals	1,670,800	50.3	2,156,500	41.3
residual demand for migrants	1,649,100	100.0	3,056,000	100.0
of which Arabs	1,236,600	75.0	1,926,600	63.0
Asians	277,500	16.8	500,000	16.4
Orientals	14,600	0.9	489,400	16.0
European and American	34,300	2.1	70,000	2.3
Iranians	86,100	8.2	70,000	2.3

4E Scenarios One and Two : Conclusion

In this projection the consequences of the inability of Arab countries to meet the labour demands of the capital rich states is made clear. The "Asian" and "Oriental" presence inevitably increases startlingly. This picture has been drawn on the basis of clearly perceived market trends. Today (1979) monitoring of the labour market trends suggests that scenario two is fast developing.

Despite the firm basis of evidence on which these projections are based, it might be thought remarkable that Asians and Orientals will come to dominate the labour markets of the capital rich states when within the Near East,widespread unemployment exists in countries with populations of some 38,000,000 (Egypt, 1975) and 18,000,000 (Morocco, 1975). Considerations of equity and Arab solidarity would militate in favour of using this unemployed Arab labour before that of other regions. Indeed, this view is embodied in the labour law of many capital rich states.

Table 4.5. Resolution of Labour Demand and Supply : A More Selective Labour Market in the Capital Rich States, Less Open to Arab Labour (Scenario Two)

	1975	Per Cent	1985	Per Cent
Total Labour Demand	3,319,900	100.0	5,212,500	100.0
of which nationals	1,670,800	50.3	2,156,500	41.4
residual demand for migrants	1,649,100	100.0	3,056,000	100.0
of which Arabs:	1,236,600	75.0	1,236,600	40.5
Asians	277,500	16.8	500,000	16.3
Orientals	14,600	0.9	1,179,400	38.6
Europeans and Americans	34,300	2.1	70,000	2.3
Iranians	86,100	8.2	70,000	2.3

Yet in reality these considerations are of little relevance: whatever the overt desire of governments, development is executed through private contractors and establishments. Not surprisingly,these executors of development are primarily concerned with market factors. In the labour market, Asian and Oriental manpower is more cost effective in the majority of cases than Arab labour. Thus the former is preferred to the latter.

The evidence suggests that these countries have little intention of abandoning their development as outlined in Section 2. Indeed, they have only a limited capacity to restrain the rate of development. Their dependance on migrant workers is pervasive and extensive, and development will inevitably increase this dependance.

In 1975 indigenous labour accounted for 50 per cent of employment in the capital rich states; by 1985 this will have fallen to 41 per cent. In 1975 Arabs (indigenes and expatriates) absorbed 88 per cent of all jobs. By 1985 under scenario two, this falls to 65 per cent. The moment when Arab workers are outnumbered by non-Arabs is approaching. It is the implications of Arabs and, in particular, nationals becoming an ever-smaller minority in their own land that causes intermittent attempts to restrain development. The fear is that as nationals become a smaller minority, their national identity and culture will be lost.

These concerns have some basis in reality : by 1985 the number of "Asian" and "Oriental" workers could have risen to as many as 1,600,000 from their 1975 total of 292,000. These figures relate to migrant workers : the settling of even a proportion of these workers with the arrival of their families will create yet another challenge to the social fabric of the societies of these capital rich states.

4F The Implications of the Projection Results for Capital Poor States

As has been demonstrated, the economies of capital poor states such as Egypt, Jordan, Syria or Yemen (YAR) have enjoyed only a mixed blessing from their participation in the development of the economies of the capital rich states. A conclusion with which most commentators would agree is that the social return to labour migration has been low while private returns for those involved have generally been high.

In scenario two the likelihood of Arabs holding their number constant in the labour markets of the capital rich was demonstrated. This scenario carries with it some fairly clear implications, but to draw these out more sharply, it is here supposed, not unreasonably, that the number of Arabs from the capital poor states employed in the capital rich states actually falls.

The closure of the option of migration for employment for those unemployed and frustrated in the capital poor states and the consequent return of erstwhile Arab migrants would be profound. While domestic labour shortages and high inflation rates in the capital poor states would decline, so also would remittances. Although these are more often used to purchase consumer goods from abroad than as investment in the domestic economy, they have come to represent a significant balancing component in the international trade of the labour supplying countries such as Jordan and Egypt. The loss of this source of foreign exchange is but one hardship that would follow the return of migrants : open unemployment would surely re-appear in a more widespread and profound form than before the sudden increase in the regional demand for labour after 1973.

It is difficult to imagine how Egypt could cope effectively with a still larger number of unemployed in Cairo. Indeed, the very survival of countries could be called into question.

PART 5. CONCLUSION AND BROAD POLICY STATEMENT

5.A Introduction

The capital rich states are on an unstoppable, unswervable path of economic development. Only points of detail are alterable; the essential pattern is deeply set.

Imports of labour have, of course, been an essential component of this progress. Without the productive capacity the migrants represent, it would have been impossible for these oil exporting states to have embarked at all upon economic development of the present nature. Their apparently insatiable demand for labour continues to grow, and will do for the medium term at least.

The satisfaction which countries of employment perceive in regard of their policies of labour importing stems from the fact that most of the benefits from the employment of migrants remain within their borders. There is only a relatively small leak of remittances, so the standard of living of the indigenous populations of the capital rich states benefit markedly from employment of non-nationals.

The current pattern of economic development brings an inevitable reliance in the oil exporting states upon increasing amounts of migrant labour. However, this does not imply future stability of the migration system in the Arab world. Indeed, the demand for Arab labour in the region will continue to be unpredictable, even in the short term, and is likely to fall rather than remain stable in the medium term. This is because of the trend of utilisation of non-Arab labour in the capital rich states demonstrated in the projections.

5B Migration for Employment and Economic Development in the Capital Poor States

The benefits of the migration system to the capital poor labour supplying states are by no means so clear cut. Migration for employment has not contributed to accelerated economic growth amongst the countries of origin of labour. This, in general terms, seems to result from their essentially passive participation in the migration system, and the scale of withdrawal of labour from their domestic markets. The benefits which these labour supplying countries expected to accure from migration for employment has not been brought about. The advantages that result from small scale involvement as a supplier of labour are lost when participation reaches the stage when large proportions of the workforce depart. This is particularly the case when the withdrawal of labour from the supplier country labour market is rapid; the international labour market in the Arab world has certainly been volatile, and oscillations have been of a considerable scale.

The result of this has been that advantages to supplying labour, as perceived by the capital poor countries of origin of migrant labour, have transformed, almost overnight, into marked disadvantages. Thus, the "diminished unemployment effect" quickly becomes labour shortages. Similarly receipt of remittances evolves over a very short space of time, from being a welcome source of foreign exchange into an inflationary evil as the scale of labour exporting grows.

It is the pace with which the impact of these factors concerned with migration change which has surprised the capital poor states. The degree to which they have been caught out is illustrated by the fact that in the Sudan, for example, research was still being directed towards reduction of unemployment when, in fact, labour shortages caused by emigration were already biting hard. More generally, the capital poor states as a whole were evaluating the advantages accruing from migration for employment, and were either tacitly approving or actively encouraging further departures of their nationals at a time when migration was of a scale such that the deleterious impact was outweighing the benefits.

It is this pace of change which explains the passive participation of the labour supplying states. Because they were not aware of the scale of the problem and the new side effects consequent upon the labour movement following 1973, they stood by silently whilst, effectively, their labour forces were stripped by the immensely strong market forces generated by the economic development of the capital rich oil exporting states. In fact, once the pattern of migration was established there was in any case little that these capital poor governments could have done in the face of such market pressures. They had to face the fact that migration for employment had grown, almost without their realising it, or at least without their being able to do anything about it, into a factor that was of prime importance in effecting their own domestic economic development.

It is because of the speed with which these remarkably violent market forces, generated by the desire of the capital rich states to industrialise rapidly, have wrested so much manpower from the labour markets of the capital poor states that the policy of their governments, in so far as it is directed towards migration at all, is pragmatic, inconsistent and perhaps contradictory.

As described in Part 3 of this report, all the governments are involved in ad hoc domestic policies designed to mitigate the worst aspects of the impact of migration for employment, to minimise inflation and to encourage investment expenditure.

In fact, these policies, ad hoc short term domestic measures, so overtly unsatisfactory in the face of a widening gap in wealth between labour importers and labour exports, represent the best that labour suppliers can impliment. This is because the unfortunate fact is that they have no real bargaining power within the international labour market. The longer term trends of economic development, and the demand for labour within the Arab world in particular, are virtually entirely the result of economic forces generated by the capital rich. These are therefore completely beyond the control of the capital poor.

Nevertheless, it is not sufficient to advocate that the capital poor countries should continue to accept a pattern of migration which exaggerates differences in development between supplier and demander countries of labour. There is no reason why they should be content to see the gap between rich and poor countries widen, with the advantages from migration accruing largely in the capital rich countries of employment. Efforts must, moreover, be made to reduce the growing dependance of the capital poor upon the labour importers, and to change the balance of the system. No ad hoc domestic policies in capital poor states can bring this about.

Yet the suppliers of labour are constrained in their powers of negotiation by a paramount economic consideration - the fact that alternative supplies of labour to the capital rich states are freely available. This labour is cheaper, and earns greater returns for the country of employment. The governments of the capital rich states are becoming increasingly pre-disposed towards non-Arab labour. The bargaining power of the countries supplying labour is diminishing; the sender countries of labour are constrained in their attempts to secure, for example, better terms of employment for their nationals working abroad, by the likelihood of the countries of employment turning increasingly to non-Arab labour.

Cartelisation of the labour supplying nations would overcome the problem of competition between Arab labour suppliers provided, of course, the ranks hold firm, which is rather unlikely. Critically, though, <u>such cartels would have no means of preventing the importation of labour from outside the Arab world</u>, in particular, Asian or Oriental. Indeed this will happen anyway. If the comparative cost of Arab labour rises further against labour from the east, then these trends towards use of Asian and Oriental labour will be reinforced.

Although not <u>all</u> expatriate Arab labour employed by the capital rich states could be replaced by labour from the east (a fundamental point of strength amongst the Arab labour exporters) it seems difficult for the countries of origin of migrant labour to put <u>economic</u> pressure upon the countries of employment. What economic pressure they can muster is likely to be counter-productive, causing adverse repercussions to the supplier countries of labour.

The most effective policy option for the capital poor states is to encourage the capital rich states to co-operate in a regional manpower policy. This would predict labour demand, rather than alter it to the benefit of the Arab suppliers. But Arab labour demand could then be regularised, removing the precipitate oscillations of demand upon various skills in the supplier countries of labour.

It is towards this regional manpower policy that Arab solidarity should be directed. The scheme has the political advantages of being truly regional, rather than being essentially divisive within the Arab world. This is in contrast to setting labour suppliers, as a group, or through bilateral or compensatory agreements, against the countries of employment. Such confrontation would expose the dependant position of the countries of origin of labour.

One of the essential aspects of this scheme is to limit the numbers of workers drawn in from outside. This would avoid unemployment in the source countries of Arab labour which would result from the possible large scale reduction in the demand for Arab labour. Such a fall in demand will occur if the capital rich substitute Asian labour for Arabs on a large scale at the end of the present construction phase of their development programmes.

It is this possibility - of a large rapid increase in unemployment in the Arab labour supplying countries - which should be the major pre-occupation of negotiators of the capital poor states.

Compared to the consequences of a future collapse in the demand for their labour, their past experiences of unemployment and their present problems associated with their role as labour suppliers will seem minor.

5C The Broad and Temporal Perspectives within which USAID should Frame its Policies

The policy aims spelt out for the individual capital poor states comprise the avenues for the most immediate action of aid donors and international agencies in the Near East.

In the short term, it is certainly towards these capital poor states that aid disbursements should be directed.

The capital rich Arab states should not be ignored, however. Although financially wealthy, they are critically short of what they feel to be first rate planning advice. This they can purchase. It is in the best interests of the region as a whole, and of course of the capital poor states, to see that expertise and technical assistance purchased by the capital rich is indeed of good quality and the best integrity. It is the oil exporting states, above all else, who are determining the future shape of economy and society in the Near East. The dependance of the capital poor upon the oil exporters has been demonstrated : therefore no integrated strategy of aid for the capital poor states would be complete without monitoring of developments in the capital rich economies.

Above all though, planners must not let the plethora of opportunities for action in the short term obscure the longer term aims, possibilities and strategies.

In medium to long-term consideration, two factors are of overriding significance:

(a) the widening gap between capital rich and capital poor states,

(b) the likelihood of large scale open unemployment in the capital poor states as the labour returns home after being discarded by the capital rich states.

The first of these two points demonstrates clearly the scale of the development problem in the Near East. The quickly growing large populations of the capital poor states, presently making even maintenance of existing levels of wealth difficult, will become an even greater obstacle to achieving real growth of per capita gross national product. Yet unless growth in real terms is brought about in the capital poor states, political upheaval will become increasingly likely, in turn threatening the capital rich states.

In short, the strategy adopted to aid development in the capita' poor states will have to be ambitious in scale and farsighted in nature. Little less than the transformation of their patterns of their economic growth are needed.

This general perspective is brought into yet sharper relief, and the development problems compounded by the possibilities of returning migrants from the capital rich states causing widespread open unemployment. It is towards ameliorating this probability, which is medium rather than long-term, that development efforts should be orientated. There is no doubt that prolonged unemployment on this scale of workers with aspirations and desires heightened by their experiences in the capital rich states, will put great strain upon the political and economic fabric of the capital poor states.

Thus AID, in considering policy options in assisting the economic development of the capital poor states should look beyond the immediate set of problems, which are in large part merely transitory, and consider the deeper, more intransigent difficulties towards which the capital poor states are heading.

PART 6. A NOTE ON COMPENSATION

The above analysis suggests that there is little gain to be derived for the capital poor states by following up the notion of seeking compensation for exports of their labour. In view of the fact that the compensation issue has been aired at some length in the Arab world, it is necessary to discuss this specific issue in detail.

In 1977, Crown Prince Hassan spoke to the International Labour Conference in Geneva, and expressed the view that the present pattern of labour migration in the Near East accorded an unduly low value to labour. This, he argued, was a particular handicap to the poorer countries of the region who exchanged their labour for limited economic returns. He suggested therefore that a fund be established which he described as an International Labour Compensatory Facility (I.L.C.F.)[81]. It was envisaged that countries of employment might contribute to this fund in proportion to their use of migrant labour. Countries of origin of migrant workers would receive payments from this fund. Böhning has described at length the theoretical basis of compensating countries of origin of migrant workers and suggested a basis on which an I.L.C.F. might be considered[82]. He writes:

> "all economic migration involves labour and therefore shifts this production factor from the area of departure to the area of arrival", and "the value added by migrant labour is largely internalised in the migrant receiving country"(83).

The motive behind compensatory payments to the countries of origin by the countries of employment is a recognition of the inequity of the present distribution of benefits from international migration. As noted above, capital rich states appear to grow more wealthy while the capital poor become poorer. In particular, the development of the capital poor appears stunted by their participation in the migration system. Compensatory payments, it is suggested, would serve as a source of funds for development in the capital poor states which would be at the disposal of governments on a regular basis, thus permitting a degree of development planning which neither aid payments nor remittances facilitate at the moment.

This is certainly sound in terms of economic basis. It is undeniable that the capital rich states have achieved rates of economic growth and development largely through the labour of migrants. Migrants have been employed to create infrastructure and social services as well as in manufacturing industry. In the latter, it is easier to demonstrate the contribution of migrants to the augmentation of national income, but equally the former is an essential pre-requisite to long term economic development. As such it is an investment requiring migrants' labour power also. Without the labour of migrants it is difficult to see how development in the capital rich states could have proceeded at all, given the small size of the indigenous populations and their almost total lack of skills required by modern development.

The argument that migrant labour's "value added" is internalised in the country of employment is true in the sense that the owners of capital and national income accounting procedures ensure that value added accrues to the business enterprise and the nation where the capital is situated.

The implication that no benefit is transmitted to the labour sending country is, however, not so easily supported when an alternative method of accounting is used, such as the income approach. Migrants receive wages in return for their labour which they may choose to spend in the country of employment or to remit home. If the latter, then these are deducted from gross domestic product of the country of employment to derive gross national product. Thus, via remittances some part of the income accruing to migrant labour in the country of employment is transferred to the country of origin of labour. If this is invested productively to generate wealth creating assets in the capital poor state and the productive capacity is enhanced, then the distribution of benefits between countries of origin and countries of employment is less clear cut.

This division of benefits resulting from migrant labour is made yet harder when migrants receive non-pecuniary benefits such as free medical care, free education for their children, and training whilst away, as they do in some countries of employment. Similarly, if the migrant were previously unemployed in his home country, his departure and subsequent employment can easily be demonstrated to be a net gain to the capital poor country of origin.

Exactly what proportion of their incomes are remitted by migrants, their employment status before departure, the disposition of remittances once received in countries of origin of migrant workers, for example, are all empirical questions which need to be answered before unambiguous conclusions can be reached concerning the equity of the distribution of benefits and costs arising out of international migration.

Nevertheless, if a view were taken that this distribution were inequitable, and the International Labour Compensatory Facility were contemplated as a means of correcting this imbalance, it would have some drawbacks in the context of the Arab Near East.

First, compensation stresses the difference between the capital poor and the capital rich states. One supplies labour, the other capital, and in essence the principle on which the idea of compensating payments is based is that the capital rich should compensate the capital poor because they (capital poor) suffer an inequitable degree of hardship because of the process of labour migration.

Thus, in practice, compensation would serve to identify nations as in one group or the other and therefore as having divergent interests. This might be sound in terms of economic analysis, but it is not a wise political strategy.

This is more apparent when the weak negotiating position of the capital poor Arab states is remembered. Cartelisation of labour supplies is scarcely possible. Even it it were, capital rich states have already discovered the virtues of non-Arab labour supplies. Thus at best capital poor states can withdraw labour from the Near East labour market; they cannot influence the terms on which they participate.

The responsiveness of the Near East labour market to changes in labour costs represents another crucial drawback in the case for compensation. If the country of origin of particular migrants of certain nationalities were to be compensated, this would affect the demand for their services in that labour of these nationalities would become relatively more expensive to the country of employment. Labour of nationalities for which compensation agreements has been negotiated would therefore be discarded by countries of employment, which would turn to alternative supplies. Thus compensation could actually work against the nationals whom they were intended to benefit.

Perhaps the most significant factor which should be taken into account before compensation agreements and payments are advocated is the fact that there is already a substantial transfer of funds - apart from the flow of remittances - from the capital rich to the capital poor in the form of aid. Although the predictability and regularity of compensation payments is advanced as a reason for their preferment over aid payments, this is a totally misleading argument. If compensatory payments were substituted for aid this would have an unfortunate consequence in the event of the services of a group of migrants no longer being needed : not only would the country of origin of the migrants lose the remittances of the returning migrants, but they would also lose the compensation payments, and therefore not be in receipt of any aid. The consequent shortage of foreign exchange would occur at an especially awkward time - when the migrants were returning, causing unemployment and when pressure is being put upon the government of the capital poor state to provide extra employment.

In short, there is a danger of attempts to secure compensation payments for labour exports being essentially divisive within the Arab world, exposing further the dependant position of the labour suppliers and, by relating aid payments to the movement of migrants, increasing this very dependance. At the same time the traditional aid payments due to the capital poor states from the capital rich oil exporting nations would be eroded. The authors suggest that the capital poor states consider alternative policy strategies very closely before embarking upon negotiations to secure establishment of the International Labour Compensatory Facility.

NOTES AND REFERENCES

1. Throughout this report, only migrants for employment are considered. Refugees, those migrating for educational purposes, tourists, and those crossing borders for other reasons such as pilgrimage are excluded. Normally, figures quoted refer to migrant workers, excluding dependants. Where dependants are included, they are mentioned specifically.

2. See Section 4 below.

3. This division was first made in the early 1970s (Mabro, R. E., "Employment, Choice of Technology, Sectoral Priorities", Manpower and Employment in Arab Countries, Some Critical Issues, (Geneva, ILO, 1975), pp. 16-31. It has remained valid and, indeed, become of increasing significance since then.

4. $250 per capita is the figure given in the World Bank source quoted. If remittances were fully added into this figure, it is likely that the gnp figure would rise (see for example, section 3F below). The figure quoted here serves to illustrate the groupings made however.

5. From the point of view of migration for employment however, the States of Oman, Bahrain and Iraq all act as capital rich states. That is to say, they all import labour, though Oman, in particular, also exports manpower - see section 3E.

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7. See for more details, Birks, J. S., and Sinclair, C. A., A Preliminary Assessment of Labour Movement in the Arab Region : Background, Perspectives and Prospects (Geneva, ILO, 1977). Mimeographed World Employment Programme, Research Working Paper, WEP 2-26/WP 15).

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25. al Ahram, September 18th, 1978, see also footnote 24.

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An unskilled building worker in Damascus might earn £Syr. 250 ($68) a month, while in Saudi Arabia he would probably earn at least five times as much. To deal with this, the authorities are thinking of increasing restrictions on the movement of skilled and semi-skilled workers.

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