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INTERNATIONAL MIGRATION AND DEVELOPMENT:
IMPLICATIONS FOR AID PROGRAMS AND POLICIES

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Summary and Conclusions

This paper analyses the scope and the economic, social and political implications of voluntary labor migration from and to developing countries. On the basis of this analysis, conclusions are drawn about the implications for AID programs and policies, primarily in labor sending countries. The main conclusions and recommendations are:

- Labor emigration may have a profound developmental impact on a number of developing countries in which AID has programs. However, AID's capacity to affect the phenomenon and effects of migration is limited. Indeed, even host governments have little control over migration, but their policies influencing migration can at least impact at the margin.
- While in the long-term, AID's emphasis on increasing employment and income for the poor would tend to reduce income inequalities and reduce the tendency to migrate, the overall impact is too small to affect migration in the short medium-term; indeed, AID programs in the short-run might further stimulate labor mobility and international migration.
- Where migration occurs in significant numbers, it could have an important bearing on AID's strategy and program objectives, as well as on the implementation of particular programs and projects. As a result, it is necessary to address migration issues when appropriate in the CDSS and adjust country assistance strategies accordingly.
- Given present information, it is neither possible nor necessary to reach conclusions about the overall cost-benefit calculation of emigration for sending countries of interest to AID. There is a variety of possible effects, many of which are positive, but there are a number of potential problems. AID's overall strategy should be to help countries maximize the benefits and mitigate the costs without actively supporting programs that directly increase or curtail migration.

- In receiving countries, the Agency should concern itself with the protection of the human rights of migrants and take these countries' human rights performance into account when considering aid allocations.
- There are a number of specific policy and program interventions likely to be appropriate in sending countries. These include:
 - Support, in a few cases, for the IMF and/or IBRD in the exchange rate, trade and interest rate policy area, aimed at maximizing the reflow of remittances and minimizing their use for luxury import; possible technical assistance at the host government's request in this area.
 - Technical assistance and support in the preparation of studies to improve our understanding of migration, and its implications for manpower planning, and other economic and social effects.
 - Training of both skilled workers and returning migrants.
 - Assistance both technical and financial in the establishment of savings institutions aimed at capturing remittances and channeling them to productive uses.
 - Support of the small business private sector which would tend under the proper circumstances to utilize emigrants remittances in productive investment.
 - Develop projects designed to enhance the opportunities women may derive from migration primarily in sending countries.

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I. Introduction

Throughout history, men and women have moved across national boundaries to seek better opportunities or to flee political upheavals. In the twentieth century alone international migration includes such prominent movements as the waves of permanent immigrants to the United States, the settlement of South Africa, Australia, Argentina, and Brazil before World War I, and the enormous pre- and post-world War II immigration to the United States and Latin America. Between 1913 and 1968, over 70 million persons migrated for one reason or another.^{1/} While many were refugees, a large number were workers seeking better living conditions for themselves and their families.

Around 20 million voluntary migrants now work outside their native lands.^{2/} Many have come to the United States and Western Europe, but international migrants are found in Africa, Latin America, and the Middle East. While the economic benefits to voluntary migrants who get employment are difficult to deny, there are issues pertaining to the overall economic and social costs and benefits from migration to sending and receiving countries.

This paper focuses on the implications for AID policy and programs of voluntary international labor migration.

Within that framework, emphasis is placed on program and policy implications in LDC sending countries.

The paper does not address AID policy and program implications of the refugee problem. Refugees represent an increasingly important phenomenon with economic and social ramifications both for developed and developing countries receiving them. Among the latter are several countries, e.g., Thailand, Philippines, which are current recipients of AID assistance. Refugees create special problems with policy and program implications for AID that are beyond the scope of this paper.

Finally, this paper does not address questions of U.S. policy towards voluntary migration from LDCs to the U.S. The only aspect of this issue on which the paper touches is the possible impact of AID programs on economic "push" factors stimulating outward migration from LDCs.

The discussion that follows will first describe the types, location, and magnitudes of international labor migration. The major economic, social, and political impacts will then be presented. Finally, the implications for AID policies and programs will be discussed.

II. Types, Location and Magnitude of Migration

Labor migrants can be classified into three distinct categories. The first is the seasonal worker, who regularly

migrates to work in some specific task--like sugarcane cutting, apple picking, or grape harvesting--and then returns home after a few months abroad. The second type is the temporary worker who goes abroad for two to three years, usually under contract, but intends to return home after building a financial nestegg or is required to under the terms of the contract. The third type is the indefinite migrant worker. Frequently, this person intends to return home, but for reasons of necessity or success decides to remain abroad for an indefinite period.

Statistics on precise numbers of migrants are poor. Nevertheless, it is clear that the impact of widespread international migration is felt around the world. In Latin America, over 4 million migrants are working in foreign countries, and this figure does not include the thousands of Mexicans, Jamaicans, Cubans, and Colombians who migrate to the United States each year^{3/}. In general, the migrants have been attracted to the high-income countries in the region: besides the U.S., oil-rich Venezuela has attracted workers since the 1930's and now has an estimated 1.7 million foreign workers or 25% of its labor force, with an estimated one million from Colombia alone. Argentina has around 1.4 million foreign workers including an estimated half a million each from Paraguay and Bolivia.

In the Caribbean, the historical pattern of intra-regional migration can be broken down into four major streams. The first, and most obvious, is the flow to North America and Great Britain. The second flows to Trinidad, which receives laborers from Grenada, St. Vincent, and other islands in the Antilles. The third is to the Bahamas, which receives mostly West Indian migrants. Finally, about 300,000 Haitians cut sugar seasonally in the Dominican Republic.

In Central America, political instability continues to produce migrants. To some degree the reverse is also true, the substantial influx of Salvadoreans into Honduras contributed to the war of 1969. There is also the phenomenon of Guatemalans migrating to Southern Mexico, often to replace workers who are migrating to Mexico City or to the United States.

In Africa, as in Latin America, major population migration has occurred in response to job opportunities. In West Africa, workers from the extremely poor Upper Volta, Mali, Guinea, Niger, Togo, and the Gambia migrate towards the coastal areas of Ghana, Senegal, and especially the Ivory Coast. Upper Volta exports almost a third of its labor force. Conversely, two-thirds of the

agricultural work force and 26% of the total labor force of the Ivory Coast is made up of foreign workers.^{4/} In Southern Africa, international migration was deliberately induced first through the imposition of hut taxes, then through the expropriation of tribal lands and finally through the creation of protectorates. As a result, a South African mining economy was built around migrant labor and today over two-thirds of South African mine workers are migrants, from neighboring countries such as Botswana, Lesotho, and Mosambique.⁵

The latest area of large-scale international migration has been the Middle East (see Table 1).^{6/} In response to the rapid rise in oil prices after 1973 and the demand for workers in the labor-short oil-rich countries of Saudi Arabia, Kuwait, Qatar, Bahrain, Libya, and the United Arab Emirates, millions of Arabs, Asians, and their foreign technicians have flocked to the region. Currently, there may be as many as 4 million foreign workers in the oil-exporting countries. For example, foreign workers amount to 71% of the labor force in Kuwait, 77% in Qatar, and 66% in Oman.^{7/} The Arab migrants, mostly on time-limited contracts, come from Egypt, Jordan, both Yemens, Sudan, Syria, Morocco, and Tunisia -- all countries characterized, until recently, by relatively high levels of unemployment. Forty percent of Yemen's and thirty-five percent of Jordan's labor force has migrated. The rates of out

migration have been so high that some traditionally labor surplus states like Jordan have taken steps to entice native migrants to return and to recruit workers from other areas.

Asia has recently become a major labor-sending region, with over 1.2 million workers abroad. About 800,000 Asians, the vast majority males, have recently come to the Middle East from five principal sending nations: India (300,000), Pakistan (350,000), Korea (estimated 60,000 in 1979), Philippines (30,000), and Bangladesh (70,000). Many of these labor migrants are skilled Asian professionals who seek the substantially higher incomes available there. For example, a Sri Lanka physician will receive a salary about five times higher in an OPEC country than at home.

Recently, a new element has been introduced into the migration picture in the Middle East: Asian work camps. Korea, for example, has had notable success exporting complete construction packages in which workers are seen as part of an effort to build up export earnings (even if it may cause temporary domestic labor shortage).^{8/}

III. Economic Impact

1. Impact on Migrants

Voluntary international migration typically yields benefits to the successful migrant. Incomes may rise 200 to 1000%; health care, education opportunities, and the quality of life also typically improves. Total migrant earnings represent a sizeable part of the GNP of some labor-exporting countries. For example, total Egyptian migrant workers' income has been estimated to equal Egyptian GDP.^{9/} On the other hand, living conditions in migrant camps or settlements usually tend to be inferior to those enjoyed by native workers of similar skills, and migrants may not enjoy the full range of social benefits, e.g., health care, education, retirement, or welfare benefits.

2. Remittances

Although accurate data on remittances do not exist, estimates of the net flow to the developing world (excluding remittances in kind and those sent through unofficial channels) range to over \$15 billion in 1979. This represents a signifi-

cant increase over the \$4.6 billion estimated for 1972.^{10/} For many of the labor exporting countries, remittances have grown faster than any other element of GNP over the 1970's. In Pakistan, for example, cash remittances increased at an average annual rate of 55% between 1973 and 1978.^{11/} Remittances to Asian countries from the Middle East alone amounted to \$5.6 billion in 1978. In many of the labor sending countries, remittances represent one of the largest sources of foreign exchange earnings (see Table 2). They permit levels of imports and economic activity that would in all likelihood not have been possible in their absence.

Some of the factors affecting levels and rates of emigrants' remittances have been analyzed in the context of Southern European emigration to Northern Europe. For/^{example,} the level of remittances is affected obviously by the number of migrants and their skills, while the rate is affected inter alia by whether emigration is permanent or temporary as well as by such factors as exchange controls in the country of immigration, exchange rate policy,^{interest rate policy} and expectations about inflation in the country of emigration. However, little research has been focused specifically on the determinants of levels and rates of remittances from recent LDC migrants to the Middle East, Africa, Latin America, or the U.S.

How the remittances are used - e.g., as between consumption and productive investment will also play a role in determining

the overall economic contribution of remittances to the sending country's development, but little systematic study has been devoted to uses of remittances.

It is possible, as some researchers suggest, that a large part of the remittances are used for consumption, luxury imports, and non-productive investments such as real estate. On the other hand, in a country like Egypt, remittances provide the foreign exchange for a very active free foreign exchange market that serves as an important source of developmental imports for the growing private business sector. Ultimately, the use made of remittances and its distributional impact will hinge in large part on individual LDC's policies with respect to investment, foreign exchange and trade, the existence of savings institutions and other macro policies affecting overall income distribution and allocation as between consumption and productive investment.

There is no detailed information on what form the increased consumption stimulated by the remittances usually takes and what types of investment are financed by the higher savings. If increased consumption takes the form of higher imports, especially of luxury goods - as appears to be the case to some extent, - obviously the net benefits to the balance of payments will be reduced. To the extent that savings are used

partly for land or other real estate purchases, such purchases may have adverse distributional effects if they result in significant concentration of cultivable land. There is also some evidence that savings are channelled to set up small to medium family run retail businesses, and that they thus provide a stimulus to private sector activity.

A possible problem with reliance on remittances is that like exports, they are vulnerable to external factors and fluctuations. For example, during the 1973 recession European countries exported their unemployment by sending home large numbers of guest workers who did not have Common Market protection and by severely curtailing new immigration. As a result, remittances to Turkey fell by more than 70% between 1974 and 1978, contributing to the financial crisis in which Turkey finds itself today. Some analysts have predicted significant declines in the demand for Arab migrants in the 1980's, but other analysts disagree.^{12/} The actual outcome will depend on the course of industrialization in the labor-importing countries, the skill composition of labor demanded, and the preference of these countries for Arab labor versus non-Arab labor, and their internal politics.

3. The Labor Market

International migration affects the labor markets in both sending and receiving countries. For receiving countries, immigration represents an addition to human capital without the cost of training. For example, it would have cost West Germany about \$33 billion (in 1972 dollars) to raise and train the number of workers gained through immigration between 1957 and 1973.

For the sending countries, international migration can also have beneficial consequences for the employment structure. Generally, the major sending countries have suffered high rates of both under-employment and unemployment. Emigration can be expected to relieve these problems when unskilled workers (the most likely to be underemployed) migrate abroad to work. To the extent that the migrants are unskilled and underemployed, emigration is certainly beneficial. When, however, the worker is already employed -- and evidence exists to suggest that many migrants, perhaps over a third, are indeed employed prior to migrating -- then the calculation becomes more complicated.

If indigenous labor can easily substitute for the migrants, the effects will be generally positive. In such cases average income per worker will tend to rise/with large-scale migration, owing to the increase in the ratio of capital to

the remaining workers. The labor market correspondingly tightens while returns to capital fall. Such was the case in Pakistan, where there was substantial emigration of construction workers to the Middle East between 1973 and 1978. According to a recent study, the migrants were readily replaced and the wages of Pakistani construction workers more than doubled.^{13/}

On the other hand, migration could entail significant economic costs to the sending country: To the extent that migrants had been trained, labor emigration can represent a substantial cost to the sending country.^{14/} For example, with 20 to 50 percent of the annual output of doctors and engineers leaving the Indian subcontinent and the Philippines, it is not surprising that there have been calls for compensation by the sending countries. First raised as an issue at the 1976 World Employment Conference, the idea of compensation received dramatic support when the Crown Prince Hassan bin Talal of Jordan called for such a measure at the 1977 International Labor Conference. Demands of this kind will in all likelihood be heard with increasing frequency in the context of future NIEO discussions.

However, the training cost of migration to society can be easily overstated. First, the losses tend to be greater if the emigration is permanent. Yet, most LDC migration is seasonal or temporary. Second, trained workers in certain skill categories may be unemployed because

of lack of demand and inadequate manpower planning. While it may be desirable from the standpoint of domestic development to stimulate demand for their skills, it may be more costly to do this than for them to migrate temporarily and the domestic economy to derive the benefits of their remittances.

The second major problem migration can cause for a sending country's labor market is the creation of bottlenecks in critical sectors where workers with scarce skills migrate.

For example, Jordan, Sri Lanka and possibly Egypt have experienced some labor shortages in critical sectors.^{15/}

In fact, the migration of essential or non-replaceable workers might actually reduce the income of the remaining workers.

While this is an extreme case, it is possible, especially if the contribution of such essential workers to the overall economy is significantly higher than their pre-migration incomes

The impact of return migration on the labor market is also of concern to sending countries. In principle, migrant workers may make a positive contribution upon returning to the sending countries' / ^{human} capital base because of the skills they may acquire abroad. And yet, the evidence indicates that if the migrants were unskilled when they left the country, they are unlikely to return with any additional useful skills. For example, only about 10 percent of Turkish workers received any training abroad. Similar findings describe South African mine workers and Algerian workers in France.^{16/} Furthermore, when workers do return home with skills acquired abroad,

frequently they are unable to find jobs in which to utilize them or they return to rural societies where such skills are inapplicable. One study of Spanish workers found not only that migrants who learned skills abroad failed to exercise them on their return, but also that even returned workers who had skills before emigrating failed to utilize them.^{17/}

The economic problem of reabsorbing returning migrants is accentuated, if return migration increases abruptly. Just as sending economies are vulnerable to unexpected drops in remittances, so also they are vulnerable to large repatriation of migrants caused by abrupt increases in unemployment abroad. In a sense, a sudden drop in the number of workers abroad may be more serious for an economy than a drop in export earnings, since exports often can be expected to recover. A sudden change in demand for a country's migrants may signal more of a long-term trend with no prospects for recovery. The phenomenon has already occurred in the Mediterranean basin where more than 1.5 million workers returned to their countries of origin as a result of the 1974 economic recession.^{18/}

It has been argued that some of the damage caused by return migration will be offset by the new attitudes and innovative ideas brought back by the return migrants.^{19/} In the few studies that exist on the subject, there is some evidence to suggest that return migrants do bring back with them some innovative ideas, particularly in

the area of housing. And even if the migrants do not return with ideas specifically applicable to their environment, some studies suggest that because of their migration experience, they are more open to innovation.

4. Summary of Economic Impact

It is generally agreed that the effects of international labor migration are beneficial for the migrants themselves and for the receiving countries. It is not so obvious, however, whether the benefits outweigh the costs for the non-migrants in the sending countries. Although empirical investigations now underway may shed some light on this question for individual countries, data limitations and major assumptions about such critical variables as future political and social patterns in receiving countries will preclude hard cost-benefit conclusions.^{20/} In general, the governments of sending countries currently judge the impact of labor emigration with limited information and focus on the major perceived benefits of remittances and reduced unemployment versus the major perceived costs of skill shortages and vulnerability to sharp drop in remittances and increases in unemployment if net reverse migration begins to occur.

IV. Social and Political Impacts

A. Social Issues

The significant issue of how migration affects the social structure of sending societies has been neglected by

most studies of international migration.

1. Social Mobility

It has been demonstrated that through remittances and savings migrants can achieve social mobility. However, return migrants often attempt to emulate the local elite through conspicuous consumption and the acquisition of traditional symbols of prestige like land. Spanish return migrants, for example, built elegant houses next door to former landlords and professionals. To the extent that increased upward social mobility due to migration leads to conspicuous consumption, the development impact is obviously negative and the demonstration effect on lower-income groups can be socially disruptive.

2. The Status of Women

A second social issue concerns the status of women. In certain cases, the departure of large numbers of male workers increases, the opportunities for women to participate beneficially in the process of economic development. In Jordan, for example, the large-scale emigration of the male work force (few women migrate in the Middle East) has opened up opportunities for Jordanian women. Similarly, in Yemen the substantial out-

migration has drawn women into the agricultural sector in large numbers. But where women already play a significant role, as for example among the Gusi in West Africa, male migration has had almost no effect on the women left behind. And there are examples of emigration actually contributing to the decline in the status of women. In two studies focusing on Indian women, researchers have shown that male migrants tend to send regular and sizable remittances back to their families, but instead of sending them directly to their spouses, the majority were sent to senior males of the family who then decided how the money should be spent. Whereas the women had previously participated in the decision-making, now they found relatives deciding that the money should be spent on debt payments, agricultural investments, and marriages rather than for the direct benefit of the migrant's wife and children.

These studies focused on women left behind. Others have looked at the impact on migration on the women who actually migrate. In some areas, like Latin America where 45 percent of the migrants are women, the impact is major. Even in areas where women do not traditionally migrate in large numbers, the effects can be significant. In Turkey, for example, female participation in the migration process altered the division of labor within the migrant family. Migrating women insisted on participation in decision-making and income

allocation. Some demanded joint registration of property. Also, children of migrant families had better education than children of non-migrant families and entered the labor force at a higher level and at an earlier age.

For both those who migrate and those who remain, the migratory process may have a direct effect in lowering the fertility rate, particularly in areas of large-scale male emigration. The current data, however, do not provide a clear answer to this important issue.

B. Political Dimensions of Migration

Two issues emerge in the political arena that relate to international migration and development. They are (1) the relationship between emigration and political conflict, and (2) host country attitudes about foreign workers, ethnic conflict, and human rights.

1. Emigration and Political Conflict

One ancillary--and usually overlooked--impact of emigration is the substantial, though temporary, respite of sending countries from some of the political pressures that result as a consequence of potential dissidents emigrating. This hypothesis has not been tested empirically, but the socio-demographic profile of the typical migrant supplies some evidence to substantiate the premise. The international migrant tends to be among those who are usually identified as the most ^{politically concerned} / of the developing polities' citizens--

young males between 18 and 35 who are generally ambitious and mobile. Moreover, in the case of European migration they have usually been exposed to the politicization process in the large urban centers for at least some period prior to emigration. Finally, they come from the age cohorts with the highest employment difficulties since they are just entering the job market.^{21/} Thus, emigration can have effects on the level of political demand either by sending abroad potential dissidents or by opening up opportunities for those who do not migrate.

2. Host Country Attitudes

Since immigration is an economic boon to the host country, it is notable that foreign workers are generally held in disrespect. This is particularly true during times of recession when foreign labor is blamed for increased unemployment. But even in times of expansion, a large influx of foreign labor produces strong reactions--ranging from reservation to resentment to outright hostility. Immigrant workers are sometimes viewed as taking jobs away from native workers, or of placing heavy demands on social services and educational systems. All of these attitudes persist despite reputable studies that show that migrants generally take jobs native workers will not accept and upon which many native jobs depend. In addition, because migrants tend to be young, healthy, and often single, they make few demands on the health-care services, schools, and other social services. Indeed,

studies of illegal migration to the United States indicate that the migrants pay far more into the system through taxes than they absorb as users of the services.^{22/}

International migration has sometimes produced severe ethnic conflict that impinges on the development process at a number of points. In many countries, an ethnic division of labor is present, where certain jobs become, in effect, the preserve of specific ethnic groups thereby creating an ethnically segmented labor market. In some cases, the divisions become so strong and the conflict so intense that migrants have been forced to leave. In Europe, after 1973, many guest workers were shipped home. And in other areas the expulsions have been violent as in the case of the Ibo in Nigeria, the Kasai Baluba in Zaire, and the Indian Tamils in Sri Lanka. In the most extreme cases, expulsion or even genocide practiced against immigrant groups, such as Asians in Uganda or Chinese in Indonesia, have created considerable disruption of the local economy. And sometimes restrictions imposed on ethnic strangers have produced a variety of unintended economic costs. In Fiji, for example, a prohibition on landholding by Indians resulted in short-term leases, overfarming, and soil exhaustion. Finally, some of the Middle East oil-exporting countries are shifting toward a greater proportion of Asian immigrant workers partly because they appear to be less of a threat to the traditional regimes.

The treatment of foreign workers also raises the issue of their human rights. In 1973, for example, Algeria suspended the emigration of Algerian nationals to France in part because oil resources increased demand for labor at home but also because of France's failure to stop racial incidents and brutal attacks on Algerians. Mexico, too, has complained bitterly about the treatment of "undocumented" workers in the United States. The South African pass laws have been criticized throughout the world for underwriting the most flagrant injustices of apartheid.^{23/}

In Latin America there have been attempts to forge bilateral and multilateral agreements to protect the rights of migrant workers. The Andean Pact on Labor Migrations, ratified in 1975, represents one effort on the part of Andean countries to control labor movements. The Pact provides the legal framework for the protection of the rights of the migrants in regards to documents, contracts, social security benefits, and protection in case of repatriation. But only Colombia has taken steps to comply with the Pact's provisions, and with a few scattered exceptions, none of the major centers of out-migration have policies to regulate the process.^{24/}

Few international conventions exist to govern the treatment of migrant workers. In the last five years, the International Labour Office in Geneva has attempted to construct the rudiments

of such agreements. Despite these efforts, the proposed conventions do not secure the migrants' legal status nor do they accord migrant workers unconditional equality of opportunity and treatment in matters of economic and social rights. 25/

V. Implications of International Migration for AID and Host Country Policies

International labor migration generally occurs from relatively low-income countries to relatively high-income countries.

With respect to AID policy in receiving countries, AID should be mindful of the adverse social impact that often occurs in connection with discrimination against immigrant labor. The US should be supportive of positions taken in international fora to ensure the human and economic rights of immigrant labor, such as the recent Brandt Commission Report which proposes that immigrant labor not be precluded from the normal social and fringe benefits extended to native labor. In addition, to the extent that the human rights situation in countries influence AID allocations, human rights regarding immigrant labor should be included.

Significant emigration is occurring from countries in every region in which AID has programs. Emigration is a symptom of relative poverty which under certain circumstances could be helpful while under others detrimental to AID development objectives. Whether specific attention is given to migration

issues in AID's development program depends clearly on the magnitude of migration and its relevance to each country's and AID Mission's development objectives.

There are three levels at which AID programs and policies interact with migration in sending countries:

(a) AID's programs may have a general impact on individual workers' decisions to migrate.

(b) Specific AID policies and programs may assist an LDC in gaining more benefits or reducing costs of emigration.

(c) Significant emigration may affect AID's strategy and project implementation capability.

A. General Program Impact

First, at a very general plane, AID's programs in promoting equitable growth and helping address basic needs can affect the desire of workers to migrate. By focusing on increasing incomes and employment of the poor and by assisting LDCs in providing better health, education and other basic needs, it could be expected that AID's programs in

whose end result may be a slowing down of the growth of the labor force. However, the impact of our programs and for that matter of all donors combined in the short-run is far too small to narrow income differentials significantly and thus materially affect migration flows. It also appears that, in the short-run, small improvements in the standard of living tend to increase labor mobility and thus actually increase rather than decrease the propensity to migrate.

B. Possible Emigration-Related AID Activities

AID need not come to a judgment about whether labor emigration has on balance a favorable or unfavorable impact on development. Indeed, such a judgment would probably vary according to the country under consideration, and generally there are inadequate data to support a final conclusion. Host country policies range from active promotion of emigration (e.g., Egypt) to coordinated policies to discourage emigration (e.g., Colombia). AID should endeavor to identify the major favorable and unfavorable impacts of emigration in individual countries and work with the host government in maximizing/minimizing these.

1. Technical Assistance on Overall Planning

In countries where emigration involves a significant part of the labor force or specific segments of it and/or remittances are a significant source of foreign exchange earnings, AID can assist host governments in developing rational coordi-

nated policies toward emigration. Given the limited information available in most countries on the trends and impact of emigration, a first step might be to fund studies/surveys to determine the major favorable and unfavorable impacts of labor emigration and their relative magnitudes. For example, data may be collected and analyses undertaken on questions regarding the current and projected numbers of emigrants, their skill composition, impacts on domestic employment and wages, and projections of returning migrants for specific areas. Analyses may also be appropriate in the areas of the determinants of the level and the use of remittances, as well as on the social impacts of migration. These kinds of data and analyses, combined with current and projected regional information on supply and demand of migrant labor, would be valuable ingredients for the development of an informed and coordinated LDC policy toward labor emigration.

2. Manpower Planning and Related Activities

The emigration of skilled labor has left some countries seriously lacking in certain critical skill categories. This situation can lead to serious economic bottlenecks (e.g., the construction sector in Egypt), and to social hardships, (e.g., the migration-induced shortages of medical doctors and teachers in Sudan and Jordan). Some governments have initiated policies

that attempt to restrict the migration flow of certain skill categories (e.g., increased wages, agreements to work in-country for a specified period after completion of training, etc.). AID participation in training programs in critical skill categories in such countries should be conditioned on host government policies that discourage the emigration of these people upon completion of their training. At the same time, AID should be cognizant and supportive of opportunities that migration of men may create for women to enter skilled occupations from which they had previously been excluded (e.g, these opportunities are occurring in Jordan).

AID's desire to increase the participation of women in development can take advantage of the opportunities opened up by the migration process. But the specific programs--training for women, investment incentives, agricultural programs, and programs to encourage women to remain in school--must be carried out with an awareness of the diversity of the impact of migration on the status of women whether in the migration stream or left behind.

In some countries shortages of unskilled labor have developed, mainly in the rural sectors, because of emigration (e.g., Yemen). The response of these countries has been to increase mechanization when possible and to increase the use of women labor, but in general, production levels and amount of land

cultivated has declined. It is not clear whether in the longer-term, if it is assumed that the migrants will be repatriated, capital intensive patterns of agricultural production are appropriate. In these cases, AID could (a) work with the host government in determining the appropriate technology needed to maintain output and productivity, (b) help in developing of such technology and, (c) assist in the training of labor using this technology.

AID also could assist governments in addressing problems of returning migrants. There are few cases in which this is a significant problem at present, but the problem may arise in the future, especially in the Middle East. In many respects, appropriate policies and programs will not be different than addressing the unemployment problem in general through job-creation programs and social services. Some countries, however, have recognized the unique problems of returning migrants and their families and have set up special programs for them (e.g., Colombia).

A recent OECD study has identified a number of possible program interventions aimed specifically at effectively reintegrating returning migrants^{26/} These include: (a) stimulating economic

activities that combine the employment of returning migrants and the utilization of their savings in small business enterprises. Various methods have been suggested - promotion of rural co-operatives; the purchase of shares in public enterprises as done in Yugoslavia; the creation of savings banks primarily designed for return migrants, (b) provision of training for the returning migrants that is closely related to the economic needs as defined in specific development plans; development projects and training courses for return migrants could be constructed as a single package, and (c) programs aimed at the reintegration of children of migrant families and the provision of adequate financial incentives and information to construct new houses. The key to such a reintegration program is the supply of information both to and from migrants.

In summary, AID's involvement in sending countries where emigration is causing manpower problems should focus on:

- technical assistance involving studies on manpower planning and projections,
- training both for potential migrants and return migrants and,
- technical assistance in addressing short-term adjustment to production in sectors affected by emigration.

3. Remittances

Remittances are usually the major short- and medium-term benefit resulting from emigration. This benefit has led

countries like Egypt and Korea to actively promote labor emigration as a major earner of foreign exchange. The mere presence of labor abroad, however, does not automatically insure a certain flow of remittances. Appropriate exchange rate and interest rate policies of the labor-sending government are critical to maximizing the flow of remittances. In a few countries, e.g., Egypt, in which AID has established a dialogue with the government on such macroeconomic policies, AID could provide technical assistance, through outside experts on such issues. While, in these policy areas, AID normally follows the lead of the IMF and IBRD, there may be scope for ^{critically evaluating and, as appropriate,} supporting the IMF or IBRD policy lead with technical assistance activity.

AID also has experience in the creation of credit and savings institutions that could provide encouragement for increased remittances and better utilization of remittances in productive activities. AID's experience has been drawn from creating institutions aimed at increased domestic currency savings in rural areas. In many cases, remittance flows occur precisely to rural areas where the migrant's family may continue to reside. However, savings institutions and mechanisms directed toward remittances will have to address the particular characteristics of potential savings from remittances. For example, an Egyptian worker abroad has the option of holding savings abroad in foreign exchange as opposed to repatriating savings and

converting them in domestic currency. An important consideration in this decision will be whether the value of these savings can be maintained in light of, for example, differential inflation rates in Egypt and abroad. Developing savings instruments that provide such assurances can contribute both to higher flow of new flows and their channeling into more productive uses.

Another factor at least as important in maximizing not only the flow but also the productive use of remittances is a vibrant and growing private business sector, especially small-scale enterprises. A healthy private sector will encourage remittances to flow naturally into productive investments and make it unnecessary for the host government to attempt to capture a maximum share of the remittances. The fact that remittances are often used for real estate and conspicuous consumption is probably mostly a result of the limited investment opportunities.

There is a variety of means by which AID can help to encourage the private sector, although to be effective this would have to be accompanied by host government support of the private sector. In general, AID activities in this area involve providing credit through financial intermediaries, financing feasibility studies, technical assistance to small-scale enterprises, etc. Aid decisions in support of the private sector should be taken in the context of an overall assessment that encouragement of the private sector, especially small

business enterprises, is an important strategic objective for an AID Mission. Thus, while a healthy small business sector may promote channeling remittances to productive activities, the AID decision to support this sector should rest fundamentally on the overall strategic importance in promoting AID objectives rather than on the narrower issue of more effective utilization of remittances.

Some governments are actively encouraging increased emigration by facilitating the recruitment process, organizing work camps, and establishing vocational training programs specifically for labor export. In general, AID should not participate in activities designed to increase emigration, except in the very unusual case where labor emigration beyond a doubt has on balance a significant favorable impact on development. In the more usual case, AID should take the flow of migration as given and work to improve the development impact of this migration.

C. Impact of Emigration on AID Programs

In addition to helping LDCs overcome problems on maximizing benefits from emigration, AID should also be conscious of the potential impact of emigration on its own programs. The scarcity of skilled labor can affect the cost, implementation time, and even the feasibility of implementation (e.g., such problems have already occurred with AID con-

struction projects in Yemen and Egypt). In Yemen, the shortage of skilled workers has had a direct impact on AID-supported projects, such as the construction of health clinics that had to be cancelled because there were not enough workers to build them. Similarly, in Yemen and conceivably other countries, scarcity of unskilled labor can make AID's conventional labor-intensive projects in rural areas inappropriate.

If this were to occur, individual Mission strategies of intervention in assisting the rural poor may need to be re-evaluated in individual countries. It is not a priori possible to decide what an appropriate strategy might be as it would tend to vary with the circumstances affecting individual countries.

VI. Conclusion

It can probably be fairly stated that, although labor migration may have a profound developmental impact on a number of developing countries, AID can only make a modest contribution to maximizing the gains or addressing the problems generated by migration. Indeed, even host governments have little control over the migration phenomenon, but their policies influencing migration can at least impact at the margin. The key conclusions of the paper are:

- That while in the long-term, AID's emphasis on increasing employment and income for the poor would tend to reduce income inequalities and reduce the tendency to migrate, the overall

impact is too small to affect migration in the short medium-term; indeed, AID programs in the short-run might further stimulate labor mobility and international migration.

- Where migration occurs in significant numbers, it could have an important bearing on AID's strategy and program objectives, as well as on the implementation of particular programs and projects. As a result, it is necessary to address migration issues when appropriate in the CDSS and adjust country assistance strategies accordingly.

- Given present information, it is neither possible nor necessary to reach conclusions about the overall cost-benefit calculation of emigration for sending countries of interest to AID. There is a variety of possible effects, many of which are positive but there are a number of potential problems. AID's overall strategy should be to help countries maximize the benefits and mitigate the costs without actively supporting programs that directly increase or curtail migration.

- There are a number of specific program interventions likely to be appropriate in sending countries. These include:

-- Support, in a few cases, IMF and/or IBRD leads in the exchange rate, trade and interest rate policy area aimed at maximizing the reflow of remittances and minimizing their use for luxury imports; possible technical assistance at the host government's request in this area.

-- Technical assistance in general studies to improve knowledge about migration, manpower planning and projections.

-- Training for both skilled workers and returning migrants.

-- Assistance both technical and financial in the establishment of savings institutions aimed at capturing remittances and channeling them to productive uses.

-- Support of small business private sector which would tend under the proper circumstances utilize emigrants' remittances in productive investment.

-- Develop projects designed to enhance the opportunities women may derive from migration primarily in sending countries.

- The Agency should also concern itself with the protection of the human rights of migrants in receiving countries, and take these countries' human rights performance into account when considering aid allocations.

FOOTNOTES

- 1/ Kingsley Davis, "The Migration of Human Populations," Scientific American (September, 1974)
- 2/ Alan Tonelson, "Migration: People on the Move," The Interdependent, (July/August 1979); Kathleen Newland, International Migration: The Search for Work, Worldwatch Paper 33, November 1979, p. 5.
- 3/ Zafer Ecevit and K. C. Zachariah, "International Labor Migration," Finance and Development, 15:4 (December 1978): 32-37; Kim Faud, "Illegal Immigrants Form 25% Venezuela Population," Latin American Daily Post, July 2, 1979; "Business Brief: Migrating to Work," The Economist, August 18, 1979
- 4/ Samir Amin, Modern Migrations in Western Africa London: Oxford University Press, 1974, pp. 65-123; Jean-Marc Fleury, "People on the Move: Upper Volta," Agenda, 2:10 (December 1979): 14-15.
- 5/ Alejandro Portes, "International Migration: Conditions for the Mobilization and Use of Migrant Labor Under World Capitalism," Unpublished essay, September 1979, pp. 19-23.
- 6/ The following discussion is based on the AID-funded study "Aspects of International Labour Migration in the Arab Near East: Implications for USAID Policy" by Stace Birks and Clive Sinclair, May 1979; see also Zafer Ecevit, "International Labor Migration in the Middle East and North Africa -- Trends, Effects, and Policies," presented to the Rockefeller Foundation Conference on International Migration, Bellagio, Italy, June, 1979.
- 7/ Zafer Ecevit and K. Zachariah, op. cit.
- 8/ Charles B. Keely, "Asian Migration to the Middle East," paper presented by the Population Council, December 1979; John W. McCarthy, Jr., "Asian Labor Emigration to the Arab OPEC States," Irregular Paper #9, USAID, ASIA/DP/PL, December 14, 1979.
- 9/ Nazli Choucri and Richard S. Eckaus, "Interactions of Economic and Political Change: The Egyptian Case," World Development 7 (1979): 783-797.
- 10/ Ecevit and Zachariah, "International Labor Migration," p. 36.

- 11/ Shahid Perwaiz, "Special Report: Home Remittances," Pakistan Economist, September 1, 1979.
- 12/ For the divergent views see Conference Proceedings, Near East Labor Migration: Implications for AID Policy, Bureau for Near East, USAID, November 1979.
- 13/ Shahid Perwaiz, "Special Report: Home Remittances,"
- 14/ It is for this reason that Bohning of the ILO has claimed that "international labor migration contributes to the widening-gap between poor and rich countries." See also "Business Brief: Migrating to Work;" also cited in Newland, International Migration, p. 17; William Glaser, The Brain Drain: Emigration and Return (UNITAR Research Report No. 22, London: Pergamon Press 1978)
- 15/ Eckaus has recently argued that such wage increases, because of growing labor shortages have restricted Egyptian construction ("Effects of Construction Labor Migration in the Egyptian Economy"). However, Egyptian construction is booming and the major restriction is probably on the side of saving for financing construction.
- 16/ Jon Swanson, "The Consequences of Emigration for Economic Development: A Review of the Literature," Papers in Anthropology, 20:1 (Spring 1979): 39-56.
- 17/ Robert E. Rhoades, "From Caves to Main Street: Return Migration and the Transformation of a Spanish Village," in ibid, pp. 57-74.
- 18/ W. R. Bohning, "International Migration in Western Europe: Reflections on the Past Five Years," International Labour Review, 118:4 (July-August 1978): 401-414.
- 19/ Joseph Lopreato, Peasants No More (San Francisco: Chandler, 1967), p. 229; M. P. Miracle and S. S. Berry, "Migrant Labour and Economic Development," Oxford Economic Papers, 22:1 (1970) 86-101.
- 20/ The IBRD is currently conducting studies in Pakistan and Bangladesh to determine more accurately the costs and benefits of labor emigration for those countries.
- 21/ Demetrios G. Papademetriou, "European Labor Migration: Consequences for the Countries of Worker Origin," International Studies Quarterly, 22:3 (September 1978): 377-408.

- 22/ Wayne A. Cornelius, Mexican Migration to the United States: The State of Current Knowledge and Recommendations for Future Research (La Jolla: Center for U.S.-Mexican Studies, University of California, San Diego, Working Paper No. 2, May 1979).
- 23/ Philip Frankel, "The Politics of Passes: Control and Change in South Africa," Journal of Modern African Studies, 17:2 (1979): 199-217.
- 24/ Susana Torrado, "International Migration Policies in Latin America," International Migration Review, 13:3 (Fall 1979): 428-439.
- 25/ Bohning, "International Migration in Western Europe," pp. 404-407.
- 26/ Rein van Gendt, Return Migration and Reintegration Services (Paris: OECD, 1977).

Table 1
IMMIGRANT LABOR IN THE MIDDLE EAST AND NORTH AFRICA
BY SOURCE AND DESTINATION, 1975

(in thousands)

Source	Destination										
	Algeria	Bahrain /2	Iran	Iraq	Kuwait	Libya /2	Oman	Qatar	Saudi Arabia	United Arab Emirates	Total
Egypt .	1.0	1.2	-	2.3	37.6	175.0	5.3	2.7	95.0	12.7	332.8
Jordan	.4	.8	-	3.1	47.7	13.0	2.6	1.7	175.0	6.4	250.7
Morocco	.3	-	-	-	.1	1.8	-	-	-	-	2.2
Oman	-	1.5	-	-	3.7	-	-	1.5	17.5	7.0	31.2
Somalia	-	-	-	-	.2	-	.1	-	5.0	1.6	6.9
Sudan	-	.5	-	-	.9	7.0	.2	.5	35.0	1.8	45.9
Syria	.4	.1	-	.2	16.5	15.0	1.5	.4	15.0	3.4	52.5
Tunisia	.2	-	-	-	-	29.0	-	-	-	-	29.2
Yemen Arab Rep.	-	.9	-	-	2.8	-	1.0	1.6	280.4	3.5	290.2
P.D.R. Yemen	-	.4	-	-	8.7	-	-	1.0	55.0	1.5	66.6
Europe and North America	6.1	4.4	35.0	.7	2.0	28.0	3.6	9.2	15.0	9.1	113.1
India	.3	9.0	4.4	.3	21.5	2.0	24.8	19.8	6.0	73.0	161.1
Pakistan	.1	6.7	2.4	.9	11.0	5.0	20.2	14.5	25.0	94.0	179.8
Others	1.0	3.9	140.2 /3	.9	58.7	19.2	7.9	8.9	49.5	31.8	322.0
Total	9.8	29.4	182.0	8.4	211.4	295.0	67.2	61.8	773.4	245.8	1,884.2
% of total employment	.2	38	2	1	71	33	64	77	39	89	

/1 Jordanians and Palestinians.

/2 End of 1976

/3 Includes 120,000 Afghan workers and others from the Gulf states.

(-) Nil or insignificant.

Sources: Algeria: Ministry of Labor

Kuwait: The 1975 census

Libya: Ministry of Planning and Scientific Research

Saudi Arabia: J.S. Birks and C.A. Sinclair, "International Migration Project, Country Case Study: Saudi Arabia". University of Durham, England, 1978.

Bahrain: Estimates based on 1971 census and 1976 arrival departure statistics.

Iraq: Estimates based on "Foreigners in Iraq by Sex and Nationality, 1974" statistics.

Iran: Estimates of the Ministry of Labor.

Oman, Qatar, U.A.E.: Author's estimates derived from available information on population, employment, work permit and other related published data.

Table 2

FLOW OF WORKERS' REMITTANCES AND ITS SHARE IN TOTAL IMPORTS AND EXPORTS
OF GOODS IN SELECTED LABOR EXPORTING COUNTRIES

Country	1974			1975			1976			1977		
	Remit- tances /1	As percent of		Remit- tances	As percent of		Remit- tances	As percent of		Remit- tances	As percent of	
		Exports	Imports		Exports	Imports		Exports	Imports		Exports	Imports
Algeria	390	9	9	466	11	7	245	5	4	246	4	3
Bangladesh /3	36	13	2	35	9	1	36	10	1	83	18	9
Egypt	189	11	5	367	23	7	754	47	18	1,425	66	27
India /3	276	8	5	490	12	8	750 /2	17	12	-	-	-
Jordan	75	48	12	167	109	18	396	198	34	425	186	38
Morocco	356	21	17	533	35	18	548	43	16	577	44	18
Pakistan /3	151	15	6	230	22	8	353	31	12	1,118	88	40
Syrian Arab Republic	62	8	4	55	6	3	51 /2	5	2	-	-	-
Tunisia	118	13	9	146	17	8	135	17	8	142	16	8
Turkey	1,425	93	33	1,312	94	25	982	50	17	982	56	17
Yemen Arab Republic /3	159	1,325	69	221	1,556	72	525	4,269	137	1,013	5,449	139
Yemen P.D.K.	41	410	23	56	373	32	115	261	40	175 /4	352	49

Sources: IMF consolidated balance of payments reports.
- Data not available.

- /1 In current prices, million dollars, gross figures.
/2 Estimates.
/3 Fiscal year ending June of the indicated year.
/4 Preliminary.