

ILO International Migration Programme (MIGRANT)
International Training Centre of the ILO (ITCILO)
Friedrich-Ebert-Stiftung Office in Geneva (FES Geneva)

Labour migration, growth and development: Exploring the linkages

A technical workshop

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Background/Workshop Rationale

In recent years, the debate on international migration and development nexus has come to the forefront. In the main, it is due to the affirmation that international migration flows have grown quite significantly over the last two decades and these movements hold a potential for realising social and economic gains for both the countries of destination and origin. A number of global initiatives by the ILO and other institutions have contributed to exploring these links. Important among these are the Global Commission on International Migration (GCIM), set up in December 2003, the General Discussion on Migrant Workers at the International Labour Conference (ILC) in June 2004, the High-Level Dialogue on International Migration and Development (HLD) convened by the United Nations General Assembly in September, 2006, and the Global Forum on Migration and Development (GFMD) as a follow up to the HLD. Following these initiatives an international consensus is emerging which advocates that migration issues need to be integrated and mainstreamed into national employment, labour market and development policies.

There has been considerable research on migration and development linkages in the past few years by the international community. The ILO, for its part, has consistently highlighted the role of migration as a positive force for economic and social development in both countries of origin and destination. The recent ILO Multilateral Framework on Labour Migration upholds the principle that “*the contribution of labour migration to employment, economic growth, development and the alleviation of poverty should be recognized and maximized for the benefit of both origin and destination countries*”¹. Yet, as the former Secretary-General of the United Nations stated in his report to the 2006 High Level Dialogue: *We are only beginning to learn how to make migration work more consistently for development. Each of us holds a piece of the migration puzzle, but none has the whole picture. It is time to start putting it together.*”

But what exactly are the mechanisms through which the beneficial impact of labour migration can be transmitted? At the moment, the impact of migration on poverty is still not fully understood. There is also a divergence of views on the remittance behaviour of low skilled and high skilled migrants. The interaction among migration, trade and aid is another area of debate. There is no unanimity of opinion on

¹ see Principle 15

the impact of skilled migration on development of the home countries. For the ILO, it is also important to address analytically the relation between the protection of labour and human rights of migrant workers and development. Commensurately, the ILO and the Friedrich-Ebert Foundation organised a technical workshop on labour migration and development with a view to advancing the understanding of the complex issues involved and contribute to policy and programme improvements

Workshop Methodology

The workshop was structured as a stock-taking exercise, albeit limited, with a view to identifying areas of consensus and further research needs. The emphasis was on analytical approaches and frameworks that could synthesize issues on migration, poverty, growth and development, and explain their inter-linkages with a view to deriving policy implications. In this schema, ‘economic growth’ was considered not as a separate concern, but one element of a larger development framework, which influenced the demand for workers and the impact on destination countries.

The workshop brought together a number of international experts hailing from academia, research institutions, UN agencies and international organizations to debate these issues. Rather than discussing specific country studies, workshop sessions emphasised regional inputs in order to highlight analytical frameworks for understanding issues concerning the migration-growth-development nexus. The report of the discussions is presented below.

Session 1: Migration and development in a context of globalization

Chair: Ibrahim Awad
Presentation: Piyasiri Wickramasekara
Discussants: Frank Laczko, Ronald Skeldon, Victor Tokman, Jonathan Crush

This session undertook a review of current trends in international labour migration, addressing the determinants of supply and demand for migrant labour, including demographic, growth and employment variables. It dealt with specific factors shaping flows and stocks in particular regional contexts.

Piyasiri Wickramasekara highlighted current trends and perspectives of international mobility and the driving forces of labour migration, which he described as the 3 Ds: Development, Demography and Democracy. He underlined the current lack of data hampering research and therefore, our understanding of the issues, especially regarding regional labour migration, women migrant workers, irregular migration as well as some important development indicators (e.g. remittance flows and their utilisation) and the challenge posed by ageing populations in western societies. He identified the treatment and protection of migrant workers, the growth of irregular migration, the brain-drain and the limited opportunities for low skilled workers, the poor integration of migrants in host societies and the poor governance of migration as the major problem areas in international labour migration. The contradiction between migration laws and labour market needs, the visa regimes, the limited recognition of

qualifications across borders and the limited information were recognized as barriers to mobility and circulation.

In his conclusions, he stressed that measures towards an improved labour migration regime should include recognition of mutual benefits and adoption of a broad agenda of development and decent work for all; protection of migrants workers' rights in line with international instruments; adoption of circulation and mobility-friendly labour migration policies; initiation of bilateral, regional and international co-operation; and collection of reliable information and data.

In describing the key regional migration trends in the Central and Eastern European countries and in the CIS region, *Frank Laczko* from the International Organisation for Migration (IOM) introduced the concept of "Migration Profiles" and suggested that, to an extent, these might help to fill in the gaps. The concept has been promoted by the EU and taken on by IOM in various regions such as the Balkans, Black Sea, Western and Central Africa and South America. The Migration Profiles are evidence-based approaches to assess the migration situation in a country, which aim at promoting coherence in policy making and a more comprehensive national approach to migration. They also aim to gather information on immigration, emigration, irregular migration, labour market conditions, skills shortages, Diaspora linkages and remittances.

Ronald Skeldon drew attention to developing countries, particularly in the Asian region. He stressed that South-South migration is also an important issue, as countries like China, India and Malaysia attract large numbers of migrant workers from neighboring countries. Japan is faced with a prospect of an ageing population and the beneficial role of migrant workers should be acknowledged. Moreover, attention should be paid to the major Diaspora networks of Indian and Chinese migrants, who can play an important role in development.

Victor Tokman in describing the issues in the Latin American region presented the characteristics of recent labour migration trends, which include high rates of irregular migration, but also high female labour force participation and increases in the numbers of young and high skilled migrant workers. The existence of these characteristics brings to the fore the importance of tackling issues of unemployment of migrant workers, poor job quality, low income levels and frequent concentration in the (domestic) services sector. He further described the overall social protection of Latin American migrant workers to be lower than that of the native population in most destination countries, and suggested that the regularization of irregular migrants and promotion of equal treatment were key steps towards protected mobility.

Jonathan Crush presented the current trends in the Southern African Development Community (SADC) region, which he described as –among other- the massive increase in cross-border movement, the decline of legal (im)migration, the increase of irregular and forced migration and the rise in remittance flows. As implications for migration and development policy making, he identified the mainstreaming of migration into development policy and vice-versa. He also emphasised the lack of a common African Union (AU) position on migration and development, the non-ratification of ILO Conventions on migrant workers by SADC

countries, the rise of xenophobia and intolerance, and the remittances-dependence for household livelihoods as leading to the emergence of major problems in the region.

Emerging issues:

- Increased volume of irregular migration
- The impact of financial crisis on labour migration in the different regions
- Growing informal economy involving migrant workers and segmented labour markets
- Impact of the financial crisis on seasonal labour migration

Session 2: Trade, migration and development. Are trade and migration substitutes or complementary?

Chair: Azfar Khan
Presentation: Ajit Ghose
Discussants: Mouna Cherkaoui; Francisco Rodriguez

Trade is considered an engine of development. The session explored the inter-linkages between labour migration and trade in developing countries, including the theoretical assumption of substitutability between trade and labour migration. It also took up the trade creation effects of labour migration.

Ajit Ghose presented the basic areas of concern regarding present day labour migration, namely the growth of international trade and the way it stimulates international worker mobility, the importance of having available evidence and data, and the theoretical links between labour migration and development. Concerning the latter, he stressed that neither the reduction of labour costs nor surplus low-skilled labour can help alleviate poverty. Remittances, however, can. Negative consequences like brain-drain tend to affect the development agenda of the countries of origin. His concluding suggestions included reallocation of resources from tertiary to secondary education, and promotion of fighting discrimination against low-skilled labour force. He suggested that countries should move towards policies where brain drain is transformed into 'brain circulation' and the rights of migrant and non-migrant workers are firmly protected.

Mouna Cherkaoui elaborated on Ghose's ideas and raised further issues. She pointed out that trade can affect labour migration but the reverse is also true as labour migration can increase import demand via its impact on income. Additionally, the impact of labour migration on development varies depending on the size of labour migration flows, the countries of origin of migrant workers and their destinations, their skills profiles, and the policies adopted with regard to investments, among other.

Francisco Rodriguez reflected on the need to introduce different production technologies in order to promote equal sharing of gains from labour migration between developed and developing countries. He was also of the view that alternative models of development need to be considered in order to create an enabling environment for labour migration for the benefit of all.

Discussants commented on the brain-gain/brain-drain issues and highlighted the complexity of the situation due to the conflicting evidence and agreed that the way forward would be to create enabling conditions for international labour migration. *Alexandra Venturini* referred to the mismatch between what the education system could supply and labour market needs, and *Ron Skeldon* suggested that perhaps a major way of controlling brain-drain and brain-waste may be through designing appropriate human resource development policies.

Key issues highlighted:

- Productivity differences between countries and technology upgrades
- Brain drain vs. brain circulation
- Low-skilled migration determines remittances' volume

Session 3: Benefits and costs of labour migration to countries of origin.

Chair: Türkan Karakurt
Presentation: Hein de Haas
Discussants: Ibrahim Awad; Jonathan Crush

This session explored the mechanisms through which labour migration contributes to development in countries of origin and associated costs of such migration. Migrant workers' transfers to their countries of origin are the most tangible benefit, and which contribute to poverty reduction. Other mechanisms include skills, financial and social capital transfers by returning migrants and contributions of transnational communities. Emigration is also a factor in relieving labour market pressures at home. The session also assessed the opportunity costs of labour migration, particularly through the loss of scarce human capital. It also emphasised the issue of related costs, which include public and private investments in education and health from which current migrant workers have benefited. Finally, it addressed the impact of labour migration on income disparities and the delivery of services, especially in rural areas.

The presentation by *Hein de Haas* provided an enriching perspective on the development implications of international migration for the countries of origin. Looking at the migration and development "pendulum" over the last decades he observed a rapid turnaround of held views influenced by surging remittances, which had reframed the debate on the issue. However, he stressed that labour migration alone cannot trigger economic growth. Despite its considerable benefits for individuals and communities, it would be naive to expect that remittances alone could overcome more structural development obstacles. If states fail to implement effective political and economic reform, migration and remittances are also unlikely to contribute to nationwide sustainable development. However, if development in origin countries takes a positive turn, if countries stabilize politically and economic growth starts to take off, then migrant workers and their households are likely to be among the first to join in and recognize such new opportunities, reinforce these positive trends through investing, circulating and returning to their countries of origin.

In the ensuing discussion, *Ibrahim Awad* argued that the benefits and costs of migration should be considered as social phenomena. The impact of migration on the labour market is both direct and indirect: the transfer of skills and remittances may be considered largely positive, but their effects eventually vary and are also transcribed by regional differences. The emerging impact of the financial crisis should also be a serious consideration, as employment opportunities for migrant workers are likely to be reduced and a more pervasive crisis may emerge.

Key issues:

- Migration and development yet in an unsettled relation
- Remittances – balancing costs and benefits
- Policy implications and regional variations
- Impact of the financial crisis

Session 4: Benefits and costs of labour migration to countries of destination.

Chair François Eyraud
Presentation: Alessandra Venturini
Discussants: Joaquin Arango; Martin Ruhs

This session was devoted to exploring the mechanisms through which labour migration (both low-skilled and high skilled) contributes to economic growth in countries of destination, and the associated costs. Such mechanisms may include raising labour force participation rates and employment rates and meeting overall and sectoral labour shortages. Migrant workers also contribute to raising productivity, innovation and entrepreneurship in host economies in addition to raising levels of demand for goods and services. The session equally addressed the controversial issues of the impact on employment and wages of local workers, especially low skilled workers, and the fiscal impact of labour migration.

Alessandra Venturini's presentation utilized an economic approach to provide an overview of the effect of immigration on destination countries. Her presentation looked at several issues, including: the aggregate economy, the labour market, the welfare state, and social and cultural assimilation of foreign workers in countries of destination. She pointed out that several factors, such as the flexibility of the capital market, country size, flexibility of the equilibrium wage, and the available technology mix, shape the impact of migrant workers on destination countries. The influx of low-skilled migrants can result in the reduction of wages for sectors relying on low-skilled labour, but strong competition between national and foreign workers often does not emerge. A combination of migration and labour market policies that provide for selective labour migration, unemployment benefits, and engagement of national workers can reduce the negative effect of immigration. Immigration may have more of a negative effect on social welfare. Several studies find that migrants tend to use benefits more than nationals. Discrimination and low-skill and education levels make low-skilled migrant workers and their families less able to assimilate into society and the labour market, and thus more reliant upon social welfare. Policies that promote higher-skilled migration, assimilation out of welfare, and restrict welfare eligibility can lessen immigrants' dependency on welfare.

Discussants made several interventions. *Emilio Reineri* mentioned that a pessimistic and optimistic view often shaped overall assessments of migration. The pessimistic view refers to the negative impact of migration in the short-term and the associated costs, while the optimistic view focuses on demographic changes in countries, where the influx of young workers is needed. *Martin Ruhs* pointed to another layer of the debate; often origin and destination countries have asymmetrical interests. Countries of origin give preference to lower-skilled emigration, while destination countries prefer highly-skilled immigration and target low-skilled immigration for particular sectoral needs. To balance these asymmetrical interests, trade-offs should be discussed in relation to feasibility and promotion of human development. *Joaquin Arango* concluded by stressing the positive experience of Southern European countries where immigration increased labour market flexibility and mobility, increased employability, and lowered labour costs.

Based on these analyses, participants stressed the need to reintroduce the question of migrant workers' rights into considerations of labour migration programmes. In the discussion the issue of numbers and rights was also taken up by the participants; since 1996, the numbers of migrants has gone up while respect for rights has gone down, so the issue of rights needs to be put into perspective for temporary and probationary labour migration schemes. New training programmes and fees for employers, wishing to hire migrant workers, may help lower the start-up burden for aspiring migrants. In terms of demand, the ILO labour standards instruments do not yet distinguish between temporary and long-term labour migration. According to *Hein de Haas*, however, such instruments should be developed to distinguish more clearly between low-skill/short-term and high-skill/long-term requirements. Along the same line of argument, de Haas also referred to the 'migration management myth' as not taking into account the genuine interests of migrant workers who often do not favour temporary migration.

Key issues:

- Labour migration costs and benefits for both migrant workers and countries of destination;
- Policy responses that take into consideration the types of labour migration;
- Coherent labour migration policy should take into account macroeconomic and labour market considerations, as well as social policy.

Session 5: Migration, human rights and development

Chair: Frank Laczko
Presentation: Irudaya Rajan
Discussants: Roger Böhning; Ryszard Cholewinski

This session reviewed some issues dealt with in the previous sessions, but from a rights perspective. The session addressed the impact of the protection of migrant workers' labour and human rights on growth in countries of destination and on development in countries of origin. The ILO Multilateral Framework on Labour Migration comprehensively lists the human and labour rights of migrant workers drawing upon international instruments and good practices. Among the core rights are:

Freedom of association and the right to collective bargaining, the right to equality and non-discrimination, freedom from forced labour, and the elimination of child labour. Migrant-specific instruments define the spectrum of rights in all stages of the migration process. Migrant workers should also benefit from all labour standards in the workplace.

Irudaya Rajan's presentation highlighted these issues, using migration from South Asia to the Gulf countries to point out the gaps in protection. While the international legal framework provides for equal treatment and protection for migrant workers, a lack of political will and enforcement of labour and human rights standards can leave migrant workers vulnerable to exploitation. Migrant workers' gender, nationality, and skill-level shape their enjoyment of rights and protection. Discrimination and abuses of rights pervade throughout the migration process, and not just only in the countries of destination. Migrant workers are often uninformed of the terms and conditions of work, labour codes are not enforced, and the right to organize is limited. Realizing the benefits of labour migration for development requires a combination of promotion of international labour and human rights instruments, coordination between the origin and destination countries, and enforcement of labour standards and the national labour law.

Discussants stressed the need to distinguish between temporary and skilled workers, a distinction rarely made when it comes to rights.. At the international level skilled workers are often exempt from restrictive labour rules and conditions. At the same time, short-term rotational migrant workers should be differentiated from temporary migrant workers. For example, to assess the impact of financial transfers, a comparison of per capita income and immigration status is necessary; such a comparison reveals that temporary labour migration often brings about the best pay-off financially but not socially. Indeed, if one looks at the progress of ratification of the 1990 United Nations International Convention on the Rights of All Migrant Workers and Members of their Families, only 41 countries have ratified and out of these only 13 States have presented reports to the United Nations Committee on Migrant Workers indicating their progress in implementing the standards. Thus, *Ryszard Cholewinski* suggested that implementation gaps be addressed by adopting a soft or cooperative approach to handling migration.

Participants debated the Indian case of brain drain, as well as government efforts to promote internal migration and continuous skills upgrading. Additionally, participants stressed that while reporting mechanisms seem to function (as in the case of ILO conventions), translating the findings into policies is problematic.

Key issues:

- Protection of migrant workers' labour and human rights are articulated in international legal norms;
 - In practice, many protection gaps remain, especially along the lines of gender, nationality, and skill/education level.
 - Policies to address these gaps need to be introduced and promotion of international standards and good practices should continue.
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Session 6: Conclusions and the way forward in exploring migration, growth and development linkages

Chair: Ibrahim Awad and Türkan Karakurt
Rapporteurs: Susanne Bauer; Lindsay Lowell

The final session provided an opportunity to reflect upon the issues raised during the workshop and debate concerns requiring further discussion. The *rapporteur* (*Lindsay Lowell*) initiated the session by raising a number of concerns, including the increase in irregular migration, the push-pull factors of migration, future migration trends, brain drain, diasporas and remittances, and the state-of-the-art of research and future research needs. The forthcoming Human Development Report is likely to report an increase in the numbers of highly skilled migrants, but with brain drain only having a limited effect. *Lowell* underscored that migration can help tackle productivity problems and labour market needs in the face of ageing populations and globalization, but that migration is not a panacea for development.

While research and field data have become more readily available, there is still a need for regional and household-specific research. More case-studies on diasporas and remittances can also help clarify the impact on the development of both origin and destination countries. Additionally, further discussion is required to understand how data can be used to flesh out the development agenda. In terms of policy implications, the global debate on migration has focused on temporary migration, as well as seasonal migration as the centre of the development agenda. Formulation of policy interventions need to take into consideration the types of migration flows. Also, more empirical evaluations of the development agenda are lacking and are therefore needed.

Participants took up the issue of research needs and highlighted a number of dimensions. Further research is needed on the processes of migration to verify the beneficial or detrimental aspects of low-skilled migration, the benefits of remittances versus poverty alleviation at the micro-level, and identification of the common denominators on the issues of brain drain and temporary/circular migration. While low-skilled and temporary migration will always be needed, the conditions under which this type of migration takes place seems to be unclear. Participants also stressed the need for historic and geographical comparisons to analyse the interface between political and economic development. These comparisons should look at differences across centuries and geographic distributions, taking into account returnee scenarios in particular (e.g., migration between the UK and China in the 19th and 20th centuries).

Speaking on the implications for policy, *Turkan Karakurt* stated that policy options need to be designed to tackle the complex set of influencing factors, which can enhance the impact of migration on development. Development should be stressed within the migration-development nexus; it is important to note that gains as well as costs are evident. The formulation of policy proposals should be taken up by the ILO in conjunction with OECD. In conclusion, four relevant points need to be addressed to flesh out policy on migration and development:

1. Efficiency (management of migration system);
2. Equity (return of costs for all);

3. Sustainability (migration will not solve structural imbalances or educational policy mismatches);
4. Ethics and Rights (code of practice; inclusion of stakeholders; recruitment policies).

In closing, *Ibrahim Awad* reiterated that the purpose of the technical workshop was not to come up with an agreement but rather to discuss issues of concern and to look at variables, allowing for ‘a healthy debate with contrasting views’. Looking at income gaps and needs of some countries, as highlighted by Lindsey Lowell, confirms that migration is not a panacea for development. Policies promoting development should come first so that migrants can have the option to stay in the countries of origin or to return when they have migrated. In all cases, rights of migrant workers should be protected. The papers developed for this workshop can provide guidance for researchers on the topic of labour migration and development. *Ms. Karakurt* further mentioned that new topics, such as the impact of climate change on labour migration, have emerged and will have a tremendous impact on this debate in the future.