



UNITED NATIONS
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AD-HOC EXPERT MEETING
Contribution of Migrants to Development:
Trade, Investment and Development Linkages

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**RECESSION AND MIGRATION:
A NEW ERA FOR LABOR MIGRATION?**

By

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Migration and Development Linkages

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3 Themes

- Migration and Development: 3 R's and no automatic link
- Development and Migration: freer trade and the potential Migration Hump
- Progress on win-win outcomes

Migration and Development

- Migration motivation from demographic and economic inequalities
- Easier to learn + move with communications and transportation revolutions
- Adjusting rights of migrants is problematic way to manage migration
- Numbers-Rights Spectrum
 - ILO Multilateral Framework: migrants have rights in destination countries
 - World Bank simulation: increasing ldc migrants in industrial countries 50% would generate greater global gain than completing Doha

Migration: 3 R's

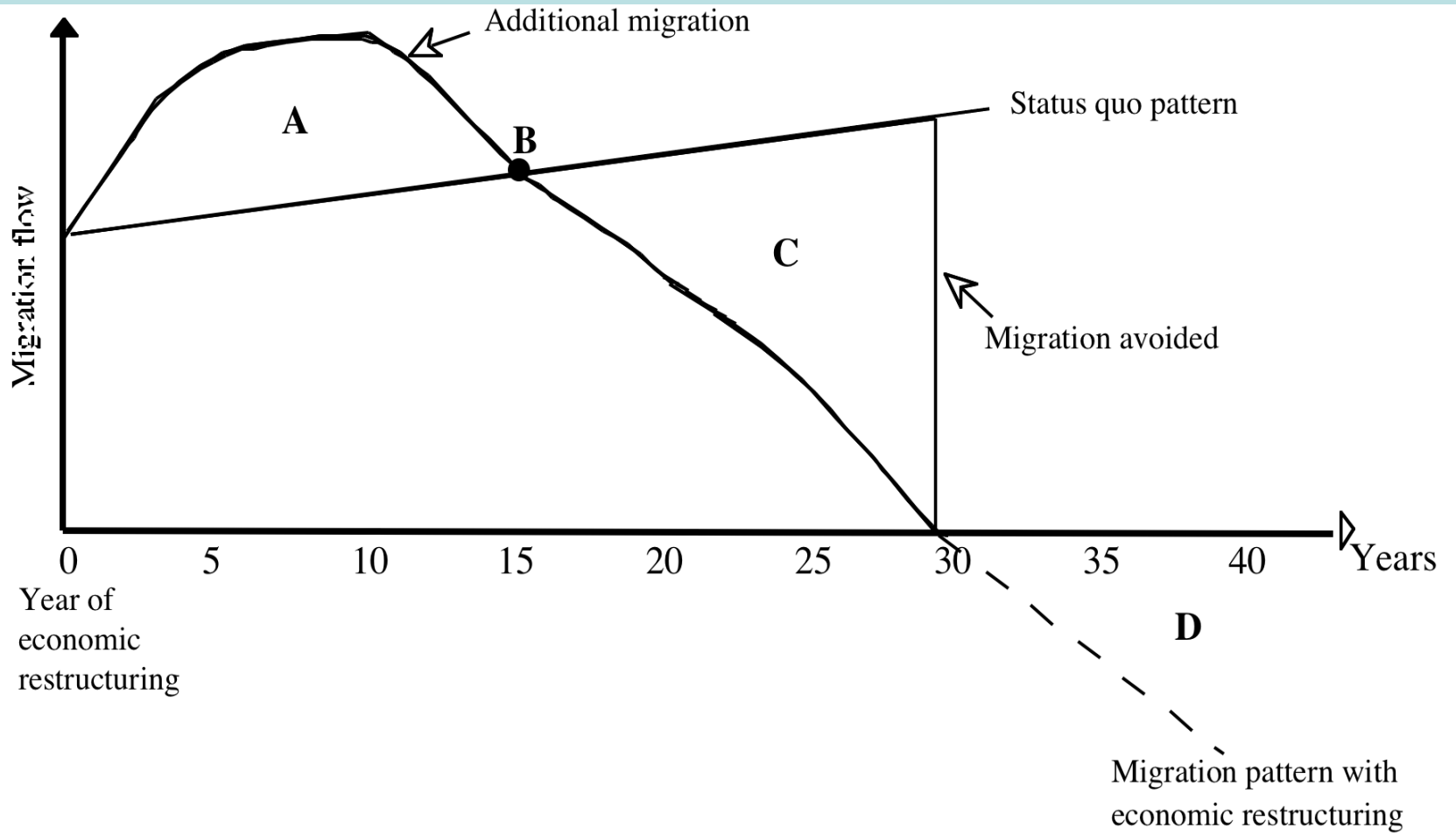
- Avoid arguments over migrant numbers vs migrant rights by ensuring that migration accelerates development
- Recruitment: who leaves for higher-income countries—unemployed or critically needed skills?
- Remittances: how much, how used, and what effects in sending countries (extremes—Dutch disease and competition for fixed assets vs job-creating investment)
- Return and re-integration: return to rest and retire or work, entrepreneur?

Migration and Development

- No automatic link—rising recruitment, remittances, and returns does NOT necessarily mean faster development
 - Virtuous circles: Indian IT—what began largely as labor migration contributed to development of outsourcing industry that created jobs for non migrants
 - Vicious circles: Some health care worker migration—loss of key staff = less effective team with negative spillover effects for health and productivity

Development and Migration

- Goal is development, achieve MDGs, migrate from choice, not necessity
- Faster development with freer trade and investment? Generally yes
- Less migration with with freer trade and investment? maybe
 - Trade and migration = substitutes, goods embody labor
 - Trade and migration = complements, migration hump



	migration in the short run	the long run	
Technologies Differ	Labor-intensive production in south cannot compete with capital-intensive production in north	Production of goods in which south has a comparative advantage generates jobs	Poor infrastructure and public services may retard new job creation
Factor Productivity Differences	Wage differences are insufficient to create comparative advantage in labor-intensive production in south	Public investment in education and infrastructure closes the productivity gap	Failure of public policies to close productivity gap over time
Economies of Scale	Industries Using Migrant Labor in the North Expand, lowering costs of production and South cannot Compete	Public investment in education and infrastructure in south closes the productivity gap	Failure of Public Policies to Counteract Scale Economies in Northern Migrant-intensive Industries
Adjustment Lags and Costs	Lags between economic integration and job creation Factor specificity: displaced corn farmers not hired as factory workers, so loss of subsidies prompts emigration	Economic integration create jobs in south, especially for better educated younger workers most prone to migrate	Poor public services, discourage investment, extend the investment-employment lag and fail to overcome factor specificity problems
Market Failures	New jobs in south provide	New jobs and factor	Limited employment

Migration Hump

- Same policies that can reduce migration in the long term can increase migration in the short term
- Freer trade and investment good for development, but are NOT necessarily a short-term remedy for unwanted migration (NAFTA)
- Need for cooperation to manage any increased migration during the hump to avoid a backlash

Migration: Win-Win Policies

- Recruitment
 - Ethical recruitment on health care workers; need to reconsider training & work systems
 - Less effective cooperation on recruitment costs
- Remittances
 - Success in formalizing and reducing costs with education, competition, and technology
 - Less success in turning enlarging islands of successful development
- Returns, Integration, Circulation?
 - What are win-win outcomes?