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synthèses N° 03/2006 | GOUVERNANCE MONDIALE

International migration and development: a watershed?

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After several unsuccessful attempts to introduce migration issues into the United Nations agenda, 2006 sees them assuming special significance, culminating in the importance they will be granted by the UN General Assembly. This trend reflects the impossibility of evading these issues, which have become a key part of development strategies in countries of origin and destination.

Transcending stereotypes

According to the latest UN figures (UN Department of Economics and Social Affairs, Population Division), the total number of international migrants has almost doubled in 20 years (+ 82%). In 2005, around 191 million people (including refugees) lived outside their country of origin. Fed by Europe in the 1950s, migration flows now originate primarily in the developing world. China is top of the list of the principal migrant-sending countries, with a net emigration of 380 000 individuals per year for the 1995-2000 period, followed by Mexico, countries of the Indian sub-continent (India, Pakistan, Bangladesh and Sri Lanka), the Philippines, Indonesia, Egypt, Turkey and North African countries (Morocco and Algeria). Although absent from the list, sub-Saharan African countries are not to be outdone: flows of migrants from West or East Africa in relation to their demographic weight place them among the areas with the highest net emigration rates[1].

Although these figures are high in absolute terms, they are low in proportion: less than 3% of the world's population. Moreover, the highest net emigration rates observed are far lower than those seen in certain European countries, such as Ireland and Italy, during the great waves of transatlantic migration in the 19th century. From the point of view of departure regions, the image of the mass movement of people is therefore inaccurate, although migratory pressure is growing for some of these regions. Around a third of migrants have left one developing country for another, and a further third for a developed country. Within the latter group, nationals of Latin American and Caribbean States and those from the south-

ern or eastern Mediterranean basin are in the majority. These regions, which are richer and closer to developed countries in geographical and historical terms, send a larger proportion of their population to developed countries than African or Asian countries, suggesting there is no decisive relationship between emigration and poverty.

Largely due to inequalities between countries or regions, the persistence of population movements raises the question of their impact on development. Does contemporary migration contribute to the economic development of source countries, as with European migration to the United States in the late 19th century, which helped to bring per capita income and real wage rates in line? How can the net profits developing countries could gain from migration flows be increased?

Promoting the movement of persons by authorizing return journeys between countries of origin and destination, or by granting dual nationality.

Contrasting impacts[2]

Migration has manifold and sometimes contradictory effects on source countries. On the one hand, emigration may help to reduce tension on the country of origin's labor market and give rise to wide-ranging financial transfers. On the other hand, by favoring skilled workers, it may lead to brain drain, thus slowing down development, and make countries dependent on the funds they receive from their migrants.

Brain drain or brain gain?

According to most research, the exodus of skilled workers has a negative impact on source countries: lower production potential and a loss of investment in training. However, recent theoretical studies suggest that emigration may stimulate education in source countries. Border opening and the prospect of migrating may incite individuals to seek training; but as only some of them will be able to emigrate, the countries concerned will benefit from this skilled workforce. Brain drain may thus prove beneficial when the brain effect outweighs the drain effect. Other contributions highlight the driving role of a skilled diaspora in developing trade and technology transfer.

In practice, the impact depends on not only the scale of the brain drain, but also the source country's characteristics (especially its population size) and training methods – if the migrant has studied partly in a developed country, the financial loss is less significant for the country of origin.

The large Asian countries, where relatively few skilled workers emigrate (2.6% for India and 3.4% for China), come out on top, unlike Central American or Caribbean States, most sub-Saharan African countries and North Africa. In certain English-speaking African countries (Ghana, Gambia, Sierra Leone and Kenya) and Portuguese-speaking counties (Mozambique and Guinea Bissau), almost a third, if not half of all skilled workers leave, which often leads to worrying shortages of workers in key sectors such as health and engineering.

Despite being criticized by the countries concerned, the high mobility of skilled workers is expected to continue or even increase in the years to come. In fact, the striking shortage of employment prospects often seen in source countries teamed with selective immigration policies in most receiving countries is expected to motivate a growing number of higher education graduates from low-income regions to leave[3]. This trend has already begun: during the 1990s, the proportion of higher education graduates among international migrants living in OECD countries rose from 29.8% to 34.6%.

Migration policies fail to take into account these observations and uncertainties. Inciting migrants to remain in their countries, as proposed by certain developed countries, makes very little sense if there are no employment prospects. However, it is not desirable to permanently deprive countries of origin of their most highly skilled workers: studies show that these migrants, whose knowledge is nevertheless precious, rarely return to their country of origin.

Between return policies and selective immigration, there is another possibility: promoting the movement of persons by authorizing return journeys between countries of origin and destination, or by granting dual nationality. This would simplify the follow-up of co-development projects (see below), knowledge transfer and migrant training initiatives, including in the receiving country, and would make it easier to meet labor requirements in countries of origin and destination. By jointly organizing

such movement, both countries would benefit. These policies must be given closer attention.

Remittances: productive capital or unearned income?

Currency sent by migrants to their country of origin has been regularly and rapidly increasing for the last 15 years. Standing at 160 billion dollars in 2004[4], it represents the second source of external funding for all developing countries, almost on a par with direct foreign investment flows (166 billion) and far ahead of official development assistance (79 billion). Regional distribution is not consistent. Latin America receives almost a third of remittances transferred by official or legal channels, followed by South Asia (India, Bangladesh and Pakistan, etc.), East Asia and the Pacific: as a percentage of gross domestic product, South Asia holds first place.

The distribution of remittances also varies between countries according to their income level: low, middle or high. Lower middle-income countries receive the most. However, the relative weight is far more significant in low-income countries: most sub-Saharan African and South Asian countries, some East Asian countries (including China) and certain European and Central Asian countries. In 2002, migrant remittances represented over 12% of imports for low-income countries and almost 3% of their GDP.

The scale of these financial flows means they may have a considerable impact on the balance of payments and help to reduce the domestic savings deficit. In Egypt in the 1990s, for example, remittances represented on average 32% of revenue from exports of goods and services and almost 24% of imports. Although they help to finance imports and investment, remittances increase dependency and therefore vulnerability: they may encourage spending on import goods to the detriment of local production and have no multiplier effect on the economy; they may also cause inflation and consequently an increase in the real exchange rate, particularly in countries where the production system is relatively inflexible.

The lack of reliable data makes any quantitative assessment of the impact remittances have on countries dangerous. Economists from the World Bank and the International Monetary Fund recently attempted such an assessment using macroeconomic data. According to the former, migration and remittances have a statistically significant effect on poverty reduction in developing countries: a 10 % increase in the number of international migrants results in a 1.9% reduction in the number of people living on less than one dollar per day[5]. According to the latter, remittances are compensatory in nature and do not therefore constitute productive capital capable of encouraging economic development in the country of origin[6]. Moreover, the authors do not rule out the possibility that the safety net provided by remittances may encourage 'rentier' behavior in families receiving the money. This hypothesis is confirmed in the Kayes region of Mali: despite having more capital and work, family farms that receive remittances obtain significantly lower agricultural output than those that do not, while this result cannot be attributed to the quality of the land or crop techniques, etc.

While the results of changes caused by migration and remittances remain mitigated at the country level, they are beneficial in certain migrant-sending regions. For example, in west-central Mexico, which receives almost a third of remittances from the United States, migrants' associations *(clubes)* launch and finance many different projects covering all aspects of social life in their community of origin and thus help to compensate for the lack of public investment. Production initiatives – some of which are ambitious in nature – are also beginning to take shape. A study has thus estimated the proportion of remittances *(remesas)* invested in the creation of new activities (especially commercial ones) at around 6%. Moreover, for every 100 migrants who return to settle in the towns of the region, 30 jobs – of which 20 are paid – will be created. In Morocco, migrant-funded village infrastructure (electricity, water supply and irrigation, roads, medical centers and schools) goes hand in hand with profound changes in traditional ways of life and collective administration. These trends are observed in all well-established immigrant communities in receiving countries.

From a longer-term perspective, remittances can also have a significant impact on health and education, two of the pillars of development. By allowing families to pay school fees or by protecting them from transitory poverty, one of the major reasons for children being taken out of school, remittances can encourage human capital formation. In the same sense, by compensating for the lack of health insurance systems and the dearth of medical infrastructure, remittances help to improve public health and workforce productivity. However, if remittances are to contribute to development, a growing proportion must be transformed into productive investment. Possessing knowledge about both their country of origin and their host country, migrants are in a position to

launch and sustain projects. Backers have not been mistaken in providing their support for numerous initiatives.

However, the success of these co-development initiatives implies satisfying a number of conditions: the training and heavy involvement of migrants, the dynamism of regions of origin, financing possibilities, etc. These are just some of the difficulties involved in large-scale development. It is therefore important to look beyond financial remittances and co-development in order to strengthen the positive impact of migration in source countries.

Towards a global approach?

The 2006 United Nations General Assembly will be only one stage, but an important one. The fact that migration appears on the agenda shows that this issue can no longer be dealt with from the viewpoint of host countries' national policies. Globalization has facilitated the movement of goods and capital by framing this movement with rules negotiated between countries. The regulation of both the capital and goods markets has become a global issue requiring coordinated action between many countries and economic operators. The liberalization of services, the next focus for the WTO, and pressure from migrants themselves are currently making it necessary to consider the movement of workers and migration flows as a global issue. This change cannot be taken for granted. There is heated debate between developed countries, which have defined their migration policies without taking into account their impact on countries of origin, and these countries themselves. The debate focuses on responsibility and control of flows, as well as on the transfer of wealth between countries of origin, which have assumed training costs, and host countries. In fact, the positive and negative effects of migration are not fully known, meaning political arguments dominate the debate and produce short-term responses that are often erratic and contradictory.

This politicization of migration management does not help to avoid either growing tension or human disasters. The debate taking shape is positive, but remains too limited. Emphasis placed on the migration of skilled workers and migrants' remittances means the different issues relating to migration flows cannot be understood as a whole. A more global approach is needed. Knowledge of demographic changes and workforce requirements is vital when defining a migration policy centered on development. For example, the ageing European population creates low-skilled jobs, which migrants could help to fill. Above all, it is important to move towards jointly managing migration flows with the authorities in source countries from a win-win perspective. Developed countries must act, but not alone: a dialogue on ways to manage growing tension and create mechanisms for minimizing, or even compensating for losses, is essential. It is clear that official development assistance cannot be the fundamental tool accompanying migration policies in developed countries. ●

Translation: Anna Kiff

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MORE

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IDDRI, MAE, 2006, Migration et développement, Atelier européen, 29-30 mars. www.iddri.org

1 | By way of illustration, the average net annual emigration rate for the 1995-2000 period is 6.2% for Guinea, 5.5% for Burkina Faso, 4.7‰% for Mali and 3.4% for Lesotho.

2 | This section is inspired by the chapter written with Denis Cogneau (cf. Cogneau D. and Gubert F., "Migrations du Sud, pauvreté et développement", in *Les nouvelles migrations, un enjeu Nord-Sud de la mondialisation.* Éditions Universalis, Mouhoud E. M. (dir.), 2005. .

3 | In Africa, the unemployment rate for higher education graduates often exceeds 20% of the active population (according to the International Labour Office criteria); emigration would relieve a segment of the already depressed labor market.

4 | This figure only takes into account official remittances to developing countries. The global amount of remittances (including those to industrialized countries) stood at 226 billion dollars in 2004.

5 | Adams R.H. Jr and Page J., 2005. Do International Migration and Remittances reduce Poverty in Developing Countries? *World Development* 33 (10), 1645-1669. October

6 | Chami R., Fullenkamp C. and Jahjah S., 2005. Are Migrant Remittance Flows a Source of Capital for Development? IMF Staff Papers 52 (1), 55-81.