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Migration and development: Toward sustainable solutions

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Preface

The World Commission on the Social Dimension of Globalization, created under ILO auspices, in its recent report *A Fair Globalization* deplored the "deep-seated and persistent imbalances in the current workings of the global economy, which are ethically unacceptable and politically unsustainable" (p. 3). The Commission noted that many developing countries "maintain that freer migration to the industrialized world would be a swift and powerful means of increasing the benefits they receive from globalization" (p. 96).

Migration is a people link between developing and developed countries that is proving difficult to manage at national, regional, and global levels. The Commission acknowledged "a strong polarization of views on the desirability of expanding opportunities for international migration". However, it also claimed that the development of a new migration management regime was a realistic project to "facilitate mutually beneficial ways of increasing migration opportunities, with due regard to States' legitimate interests to ensure that the process is fair to both sending and receiving countries" (p. 97).

This Discussion Paper contributes to the International Institute for Labour Studies' project on Sustainable Migration Solutions, which seeks bilateral, regional, and global frameworks that promote mutually beneficial forms of labour migration. The project's starting point is the fact that international labour migration between developing and developed countries is increasing, with the fastest growth at the top and the bottom of the skills ladder, involving IT specialists and medical doctors as well as labourers, domestic helpers, and service workers. Very diverse actors are involved in today's migration processes; and they have complex interlinkages with State institutions. Sustainability can only be attained if the interests of all actors are considered and respected. For example, what is the role of migrants themselves; of establishments of higher learning; and of private recruitment agencies, transportation businesses, etc. in managing migration cooperatively and sharing the gains from migration in a way that decreases global inequalities? The project combines research in a strict sense with diverse policy dialogues, such as workshops that bring researchers and policy makers together with representatives from international organizations; and features special lectures on migration to stimulate debate. More information is provided at: www.ilo.org/public/english/bureau/inst/research/migration.htm.

This paper reviews the two-way relationship between migration and development. The author emphasizes that migration can be a tool for development and that development can affect migration patterns. He stresses that, when a country takes off economically, migration is likely to first increase before it declines. The author also notes the key difference between trade and migration theory and its implication for the formation of a migration regime. Comparative advantage theory justifies free trade. However, there is no conceptual basis for open migration systems, and there are no unambiguous prescriptions for the optimal level of migration. In working towards migration management systems, bottom-up approaches therefore hold more promise for success than top-down ones and dialogue that honestly evaluates the trade offs inherent in migration while ensuring the migrants' protection will be crucial.

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Geneva, April 2004

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Summary

This paper analyzes two major issues: how does migration affect development in sending countries, and how does development in the form of closer economic integration between developing and developed countries affect migration flows?

The migration-development link is examined via the 3 R's of recruitment, remittances and returns because who goes abroad, how much they remit and how remittances are used, and when migrants return and what they do upon return affects development and thus future migration flows. Development also affects migration, especially when the economic integration symbolized by freer trade and investment accelerates changes already underway in sending countries, often displacing workers in protected and traditional sectors and setting in motion internal and international migration flows that can result in a migration hump.

The lesson for governments and international organizations is that dialogue and cooperation are necessary to maximize the benefits of migration, minimize the costs, and ensure that migration contributes to the goal of "a fair globalization which creates opportunities for all" as recently spelled out by the World Commission on the Social Dimension of Globalization (p2). This paper contributes to the Commission's call for ideas that could lead to "a more general institutional framework for the movement of people across national borders…similar to multilateral frameworks…concerning the cross-border movement of goods, services, technology, investment, and information." (p99). There are three key conclusions:

- First, recognize that emigration does not have to be a "loss" for sending countries, which can utilize remittances and the return of migrants with new skills as engines of development. Failure to maintain links to the Diaspora can cost a sending country foreign exchange and the ideas and energies needed for an economic takeoff.
- Second, in a globalizing world whose hallmark is free trade and investment agreements, there must be sensitivity to the migration hump, the temporary increase in migration associated with job-displacing changes that are accelerated by globalization. The danger is that, if migration humps are not managed properly, they can slow the economic integration that offers the surest path to prosperity and stay-at-home development.
- Third, there is no one-size-fits all recipe for managing the 3 R's and the migration hump. Instead, an international migration management regime is likely to bubble up from bilateral to regional agreements, as the best elements in each are incorporated into a global frame work agreement and institutions. The challenge for the ILO is to ensure that conventions and recommendations that aim to protect migrants are incorporated into regional agreements and institutions that are likely to be the building blocks of "the more general institutional framework for the movement of people across national borders" recommended by the World Commission.

The globalization symbolized by freer trade and investment is at a crossroads. The World Commission and other international bodies have called for changes in the trajectory of globalization to increase the participation of poor countries in a manner that results in a wider distribution of benefits. The development of rules, norms, and organizations to manage the flow of goods and money over borders has been a central concern of the international community over the past half century; managing the migration of people over borders is likely to be a central concern of the international community during the next half century.

Migration and development: Toward sustainable solutions

1. Introduction: The migration challenge

In an ideal world, there would be few migration barriers and little unwanted migration. For most of human history, there were few governmental barriers to migration, and the challenge of too many people for available resources and technologies meant that people migrated from one place to another in response to famine, war, and displacement in traditional economies. However, migration was often limited by nascent communication and transportation networks as well as institutions and rules from slavery to serfdom that limited human mobility.

The first age of mass migration was during the 19th and early 20th centuries, when 55 to 60 million Europeans migrated to the Americas. Even though many of the migrants were birds of passage seeking higher wages in the New World to finance upward mobility at home, most settled in the New World, and a combination of rapid population growth and displacement from agriculture in Europe, as well as a need for labor in the New World and the evolution of networks linking settled immigrants abroad to their communities of origin facilitated migration. The major sources of migrants changed from northern and western Europe to southern and eastern Europe by the end of the 19th century, and war and later quotas prevented a resumption of migration across the Atlantic in the 1920s.[1]

The second age of mass migration began during and after World War II, when the United States and European countries recruited guest workers, some of whom settled. Canada and the US in the mid-1960s switched from national origins systems that gave preference to the entry of immigrants from Western Europe to selection systems that favored the arrival of foreigners who had settled family members willing to sponsor their admission, and to foreigners requested by employers. The result was a change in the origins of immigrants: the Iron Curtain limited migration from the east and as southern Europeans moved north within Europe, Latin America and Asia became the primary sources of immigrants to traditional immigration destinations such as Canada and the United States. The sources and destinations of migrants diversified on both sides of the Atlantic in the past several decades, and migrants moving from one developing country to another became more noticeable, as from Indonesia to Malaysia, Mali to Ivory Coast, or Bolivia to Argentina.

The United Nations Population Division defines migrants as persons outside their country of birth or citizenship for at least 12 months. The UN estimated there were 175 million international migrants in 2000,[2] including 60 per cent or 105 million in what the UN calls "more developed" nations, and 40 per cent or 70 million in developing countries.[3] Between 1975 and 2000, the number of international migrants doubled, with the fastest growth between 1985 and 1995, when the stock of migrants rose by about six million a year in response to, inter alia, the fall of Communism, wars that led to refugees pouring from ex-Yugoslavia, several

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[1] Hatton and Williamson concluded that Europe was on the downside of its migration hump by the 1920s, so that even "without the imposition of quotas by the US government," migration would have decreased (1994, 556).

[2] Of these 175 million migrants, about 145 million moved over borders, and 30 million became foreigners without moving, as with Russians in the Baltic countries after the break up of the USSR.

[3] The 105 million migrants in developed countries are 11 per cent of the 955 million people in what the World Bank calls high-income countries.

African countries, and Afghanistan, and freer trade that displaced workers who then migrated, as occurred under the North American Free Trade Agreement.

The people who share the migrant label are very different. Most are moving over borders for greater economic opportunity, some are fleeing persecution, and others are joining family members settled abroad. Most individual motivations for migration can be traced to differences—differences in demography, economics, and security—that make another place more attractive than where they now are. Differences between countries are growing, prompting more international migration, and per capita incomes that are six times higher in the US than in Mexico, and 10 times higher in Germany than in Turkey, help to explain the migration flows observed between Mexico and the US and Turkey and Germany.[4]

However, despite large and growing per capita income differences between countries, international migration remains the exception, not the rule. Most people do not want to leave family and friends for another country, and most governments have border police to prevent illegal entries over borders and control systems that regulate the entry and settlement of foreigners. Many industrial country governments have increased their spending on border controls and asylum systems; some estimates put migration management expenditures, most of which aim to limit the entry and stay of migrants from developing countries, close to official development aid flows (Martin, 2003).

The third reason for less migration then expected in a world of growing inequality is that economic growth narrows differences and thus reduces the motivation for migration. The migration transition, as occurred in southern European nations such as Italy and Spain in the 1960s and 1970s, and in Asian nations such as Korea in the 1980s, transforms a country from a net emigration to a net immigration area by creating jobs, higher wages, and hope for further improvements. Sustained development can turn previous emigration countries into immigration destinations. The key challenge is to use migration and economic integration to speed up this migration transition, so that fears of out-of-control migration do not hinder the adoption of economic policies that are most likely to assure stay-at-home development.

Inertia, controls, and development can reduce the differences that motivate migration, but the reality of widening differences prompt millions of people to cross borders in search of opportunity. There are relatively few front-door slots available for legal immigrants in most countries, so that most of the world's migrants are classified by receiving countries as legal nonimmigrants, who are in the country for a specific time and purpose, such as students, asylum seekers, and guest workers, or as unauthorized foreigners. According to opinion polls, most residents of destination countries want immigration reduced.

It is easy to start from the assumption that there will be more international migration in the 21st century, and that much of it will involve people moving from developing to more developed countries. The trick is to figure out how to make this seemingly inevitable migration a win-win situation that speeds up development and thus hastens the migration transition that is the goal of virtually all governments.

The first section of this paper explains the widening differences between countries that prompt international migration, setting the stage for an examination of migration and development, or how the 3 R's of recruitment, remittances, and returns can be harnessed to benefit migrant countries of origin. The next section examines development and migration, assessing the migration hump that often appears during the transition from labor sender to a

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[4] In 2001, according to the World Bank's 2003 World Development Report, US Gross National Income per person was $34,870 and in Mexico $5,540; in Germany, GNI was $23,700, versus $2,540 in Turkey. The high income countries with 15 per cent of the world's 6.1 billion people had 81 per cent of the world's $31.5 trillion GDP.

balance of emigration and immigration. The next section deals with particular migration issues, and the concluding section lays out a framework for sustainable migration management.

2. Differences and networks

Migration is a response to differences. Rising differences in demographics, economics, and security, plus revolutions in communications, transportation and rights that facilitate movement over borders, have created networks that bridge borders and allow people to cross them. Migration networks transmit information and advice about opportunities abroad as well as funds to travel legally or illegally, and often provide and shelter and jobs for new arrivals. A world of growing differences and strengthening networks, or reasons and means to bridge borders, promises more international migration.

i) Demographic differences

At the dawn of agriculture, about 8000 BC, the population of the world was about 5 million. The world's population rose to about 300 million in 1 AD and was about 500 million in 1650. The global population reached the 1 billion mark in 1800, the 2 billion mark in 1930, 3 billion in 1960, 4 billion in 1974, 5 billion in 1987, and 6 billion in 1999. The 20th century may prove, in retrospect, to have been the "demographic century," as the world's population quadrupled between 1900 and 2000. The most important global demographic trends today are slower but continued population growth in developing countries and aging and declining populations in developed countries. About 45 per cent of the world's people live in countries where fertility is below the replacement level of 2.1 children per woman. Global fertility is expected to decline to replacement levels—if it remained at current levels, the world's population would be 134 trillion in 2300.

Much of the world's population growth over the past half century was in developing countries, as decreased infant mortality produced millions of young people who had families. During the 1950s and 1960s, there were fears that a population explosion would lead to famines and similar catastrophes that would kill millions, and these fears prompted many countries to launch family planning programs that were often successful in reducing fertility. In the 1970s, for example, Mexico's population was growing by 3.5 per cent a year, one of the world's fastest growth rates, and Mexican women averaged 6.2 children each. Family planning programs, economic growth, and changing social mores sharply reduced fertility, to 2.8 babies per woman today, and Mexico's population growth rate has fallen to 2.4 per cent a year.

World conferences such as the United Nations-sponsored International Conference on Population and Development held in Cairo in 1994 emphasized that educating girls and providing women with contraceptive information can reduce fertility dramatically. The Final Document from Cairo asserted that "All couples and individuals have the basic right to decide freely and responsibly the number and spacing of their children and to have the information, education and means to do so," and stressed the need to involve women in their heath care and reproductive decisions. The evidence suggests that, when parents are assured their children will survive, as incomes rise with economic development, and if women are empowered, most have fewer children.

However, the momentum from past and present fertility means that the world's population will continue to grow. About 85 per cent of the world's population, 6.3 billion, is in the 175 developing countries, where women average 3.1 babies each (3.5 if China is excluded). About 15 per cent of the world's residents live in 25 developed countries, where women average 1.5

children each. The UN projects an increase in the world's population to 8.9 billion in 2050, with the fastest growth in Africa, whose population is projected to more than double, and the sharpest decline is in Europe, where the population is projected to shrink by 10 per cent by 2050. Without immigration, the population shares of the world's continents will change radically.

ii) Economic and security differences

Economic differences between countries have been widening, encouraging international migration for higher incomes and jobs. The world's GDP was $30 trillion in 2000, making average per capita income $5,000 a year, but there was significant variation--the range was from $100 per person per year in Ethiopia to $38,000 in Switzerland. When countries are grouped by their per capita GDPs, the gap between high-income countries, with $9,300 or more per person per year, versus low (below $750 per person per year) and middle income countries (between $750 and $9,300) has been widening, with very few low and middle income countries climbing into the high-income ranks.[5]

For example, in 1975 per capita GDPs in the high-income countries were on average 41 times higher than those in low-income countries, and 8 times higher than in middle-income countries. By 2000, high-income countries had per capita GDPs that were 66 times those in low-income countries and 14 times those in middle-income countries. Rising per capita income differences help to explain why so many migrants from low- and middle-income countries take big risks to enter high-income countries, just rising difference within countries explain why there are so many internal migrants, as in China.

Table 1. Global migrants and incomes, 1975-2000

	Migrants millions	World Pop billions	Migrants World Pop	Yr change millions	Countries grouped by per capita GDP ($)			Ratios	
					Low	Middle	High	High-low	High-middle
1975	85	4.1	2.1%	1	150	750	6,200	41	8
1985	105	4.8	2.2%	2	270	1,290	11,810	44	9
1990	154	5.3	2.9%	10	350	2,220	19,590	56	9
1995	164	5.7	2.9%	2	430	2,390	24,930	58	10
2000	175	6.1	2.9%	2	420	1,970	27,510	66	14

Sources: UN Population Division and World Bank Development Indicators; 1975 income data are 1976. The UN migrant estimate for 1990 was raised from 120 million to 154 million, largely to reflect the break-up of the USSR, which added about 30 million migrants to the global stock. Many of these additional migrants did not move; they were e.g. Russians considered foreigners in Estonia. Migrants are defined as persons outside their country of birth or citizenship for 12 months or more.

Most migrants are young people looking for work. The world's labor force was 3 billion in 2000, and is growing much faster in developing than in developed countries. For example, between 2001 and 2010, the labor force in developing countries is projected to grow four times faster than the labor force in developed or high-income countries. Since many high-income country social welfare systems are based on contributions from workers, immigration could help to stabilize high-income labor forces.

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5 For example, Portugal and South Korea moved from the middle- to the high-income group between 1985 and 1995, while Zimbabwe and Mauritania moved from the middle- to the low-income group.

Table 2. Global labor force, 1980, 2001, 2010

	Labor Force (mils)			Average annual growth rate	
	1980	2001	2010	1980-01	2001-10
World	2,036	2,983	3,377	1.8	1.4
Developing Countries	1,662	2,517	2,894	2	1.6
High-income Countries	373	467	483	1.1	0.4

Source: World Bank. 2003. World Development Indicators, p44

There is a second dimension to increasing economic differences between countries that adds to international migration. Some 1.3 billion or 43 per cent of the world's workers are employed in agriculture, usually as small farmers or hired workers. In the poorer countries in which they are a majority of workers, farmers are taxed, while subsidies are common in rich countries where farmers are a small share of workers. This means that farmers in poor countries generally have lower-than-average incomes, as taxes are extracted from them via monopoly input suppliers who sell seeds or fertilizers or via monopoly purchasers of farm commodities who set prices that are below world prices, and pocket the difference when the coffee or cocoa is sold on world markets.[6] Low farm incomes encourage rural-urban migration.

Many industrial countries had a "Great Migration" off the land in the 1950s and 1960s, and similar "Great Migrations" are underway today in many major emigration countries, including China, Mexico, and Turkey. The Great Migration off the land has three implications for international labor migration. First, ex-farmers everywhere are most likely to accept so-called 3-D (dirty, dangerous, difficult) jobs in urban areas, inside their countries or abroad. Second, ex-farmers who must find new jobs often make physical as well as cultural transitions when they move to cities, and some may find adaptation in a foreign city as easy as integration in larger cities within their own countries. Third, rural-urban migrants within their countries get closer to the networks that can provide visas and documents for legal migration or make arrangements for illegal migration.

Rising demographic and economic differences combine with a third major difference: security and human rights. After the global conflict between capitalism and communism ended in the early 1990s, local conflicts erupted in many areas, leading to separatist movements, new nations, and more migrants, as in ex-Yugoslavia and the ex-USSR. Creating new nations is almost always accompanied by migration, as populations are reshuffled so that the "right" people are inside the "right" borders. Governments have in the past sometimes sent migrants to areas that later broke away and formed a new nation, and these internal migrants and their descendants can become international migrants without moving again, as with Russians in the Baltic or Indonesians in East Timor. It must also be noted that, with more nations, there are more international borders to cross: there were 191 generally recognized nation-states in 2000,[7] up from 43 in 1900.

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[6] In the high-income countries, farmers' incomes are generally higher than those of non-farmers, in part because high-income countries transfer funds from consumers to producers of food and fiber.

[7] The CIA factbook lists 191 "independent states", plus 1 "other" (Taiwan), and 6 miscellaneous entities, including Gaza Strip, West Bank, and Western Sahara. (www.cia.gov/cia/publications/factbook/index.html).

iii) Networks

Differences encourage migration, but it takes links between sending and receiving areas for people to move. Demographic and economic differences are sometimes likened to negative and positive battery poles, and networks to the links between them. Migration networks are a broad concept, and include factors that enable people to learn about opportunities abroad as well as the migration infrastructure that enables migrants to cross national borders and remain abroad (Massey, et al, 1998).

Migration networks have been shaped and strengthened by three major revolutions in the past half century: in communications, transportation, and rights. The communications revolution helps potential migrants to learn about opportunities abroad and often provide the motivation and funds that encourage and enable people to move over national borders. The best information comes from migrants established abroad, since they are in a position to provide family and friends at home with information in a context they understand. Many people in developing countries see movies and TV shows produced in high-income countries, which makes recruiters' stories about the riches available abroad more plausible.[8]

The transportation revolution highlights the declining cost of long-distance travel. British migrants unable to pay passage to the colonies in the 18th century often indentured themselves, promising to work three to six years to repay one-way transportation costs to the Americas. Migrants would sign contracts before departure, and settlers looking for workers would meet arriving ships, pay the fare, and obtain a worker who was obliged to stay with the master to pay off the transportation debt. Transportation costs today are far less, $2,500 to travel almost anywhere in the world legally, and $1,000 to $20,000 for unauthorized migration over borders, which makes transportation payback times much quicker, usually two to three years.

The rights revolution refers to the spread of individual rights and entitlements that allow some foreigners to delay their removal from the countries that they reach. Many countries have ratified United Nations conventions that commit them to provide all persons with basic rights such as due process, so that foreigners are not summarily arrested and removed. Many countries have made additional commitments, such as not returning to face persecution persons seeking asylum under the 1951 Refugee Convention supervised by the United Nations High Commissioner for Refugees. Most high-income countries have social safety net programs, and some extend eligibility for at least basic services to all residents, making it easier for migrants who are abroad to stay abroad. As a result, a person abroad can stay several years by applying for asylum and appealing a negative decision, or go underground and apply for asylum when apprehended.

Growing demographic, economic, and security differences increase potential migration, and the communications, transportation, and rights revolutions strengthen the networks that enable migrants to learn about opportunities, move, and stay abroad. The high-income countries experiencing "unwanted immigration" can do little in the short-term about the differences that promote migration, and they have limited capacities and little desire to reverse the communications and transportation revolutions that, as a by product of connecting the global village, inform migrants about opportunities abroad and make it less costly for them to travel.

However, governments create and enforce rights, and the default policy instrument to manage migration has been new or modified laws that restrict the rights of migrants. For example, the US in 1996 enacted laws that restricted the access of unauthorized as well as many

[8] Even if migrants know that movies and TV shows portray exaggerated lifestyles, some who move and find themselves in slave-like conditions abroad report that they did not believe that things in rich countries could be "that bad."

legal immigrants to social assistance program benefits, under the theory that some migrants were arriving for a "hand out, not a hand up." Many European countries revised their laws to require foreigners to apply for asylum soon after arrival to receive housing and support, and shortened the appeal process in an effort to expedite the removal of those found to be not in need of protection. Managing migration by altering the rights of migrants is not confined to the high-income countries. Malaysia and Thailand, for example, register unauthorized foreigners and in exchange for significant fees allow them to work for six months or one year before their planned removal.

Adjusting the rights of migrants to "control migration" is not optimal migration management. Unilateral efforts to manage migration by restricting the rights of migrants, as exemplified by Proposition 187 in California in 1994,[9] are often divisive at home and provoke protests from migrant countries of origin. Instead of unilateral actions that are hard to implement, it makes more sense to understand how migration affects development and development affects migration, and then to establish bilateral and regional dialogues that explore ways of managing migration for mutual benefits, the challenges to which we now turn.

3. Migration and development: The 3 R's

International migration moves people or human capital from one country to another, and the 3 R's summarize the impacts that migrants can have on the development of their countries of origin:

- Recruitment deals with who migrates. Are migrants persons who would have been unemployed or underemployed at home, or key employees of business and government whose departure leads to layoffs and reduced services?
- Remittances are the monies sent home by migrants abroad. Can the volume of remittances be increased by reducing the cost and making it easier to transfer funds between countries? Once they arrive, are remittances spent in ways that improve the lives of recipients and are some devoted to investment or do they fuel competition for fixed assets, as when land or dowry prices rise?
- Returns refer to migrants who come back to their countries of origin. Do returning migrants bring back new technologies and ideas and stay, do they circulate between home and abroad, or do they return to rest and retire?

The impact of the 3 R's on the differences that prompt migration vary across countries, which is one reason why the link between migration and development is often described as uncertain or unsettled. Economically motivated migration can set in motion **virtuous circles**, as when young workers who would have been unemployed at home find jobs abroad, send home remittances that reduce poverty and are invested to accelerate economic and job growth, and return with new skills and technologies that lead to new industries and jobs. The result is a convergence in economic conditions and opportunities between sending and receiving areas. The alternative **vicious circle** can unfold if employed nurses, teachers or engineers are recruited for overseas jobs, so that quality and accessibility in health and schooling declines, and factories lay off workers for lack of key managers. In the vicious circle, migrants abroad do not send

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9 Proposition 187 was an initiative approved by 59 to 41 per cent by California voters that would have established a state-financed screening system to ensure that unauthorized foreigners did not gain access to, inter alia, elementary and secondary schools, publicly-paid, non-emergency health care services, and welfare benefits, and would have required public employees to report suspected unauthorized foreigners to the California Attorney General. See Prop. 187 Approved in California. 1994. Migration News. Vol 1. No 12. December.

home significant remittances, or send home remittances that fuel inflation rather than job-creating development. Migrants abroad do not return, or return only to rest and retire, so that there is only a limited transfer of new ideas, energies, and entrepreneurial abilities.

i) Recruitment

Migration is not random: young people are most likely to move over borders because they have the least "invested" in jobs and careers at home and the longest period to recoup their "investment in migration" abroad. However, even among young people, **who** migrates is heavily shaped by the recruitment efforts of employers in destination areas, recruiting agents in sending areas, and networks that link them. For example, if employers want IT professionals and nurses, networks will evolve to help young computer specialists and nurses to move abroad; if employers want maids and farm workers, networks will evolve to move unskilled migrants over borders.

The recruitment of migrants has been concentrated at the extremes of the education ladder, as employers in destination countries seek migrants with college educations and unskilled migrants. The overseas recruitment of well-educated professional workers is generally done openly, as employers advertise for workers and brokers or agents sign up nurses, teachers for jobs overseas. The result of high-end of the education ladder can be a virtuous or vicious circle, with the experiences of India with IT specialists and Africa with doctors or nurses framing the virtuous and vicious extremes.

a) IT versus health care

India has about $10 billion in revenues from exports of computer-related products, including services provided to foreign firms in India (outsourcing). India had only 7,000 IT specialists in the mid-1980s, but multinationals recognized their skills, and began moving some Indian IT specialists from India to their operations in other countries. This led to the creation of brokers who specialize in the recruitment and deployment of Indian IT workers, and India became the major source of migrant IT workers.

Some Indians returned with contracts to provide computer services to firms abroad, and the Indian government, at the request of the nascent IT industry, bolstered the budding IT industry that exported services instead of people by reducing barriers to imports of computers, upgrading the communications infrastructure, and allowing the state-supported Indian Institutes of Technologies to admit students on merit and to set quality benchmarks for IT education. Employing Indians in India to do computer work became a growing industry that had important spillover effects: more government emphasis on improving the electricity and telecommunications infrastructure, wider acceptance of merit-based selection systems, and better IT services in India, since it made economic sense to offer Indians the same world-class level of services that were being offered to foreign firms. The virtuous circle was completed with a sharp jump in enrollment in science and engineering schools, pushing the number of IT specialists to 700,000 and making India a leading provider of low-cost, high-quality IT specialists and services.

By contrast, the recruitment by health care providers in high-income countries of African doctors and nurses seems to have set in motion a vicious circle of poorer health care just when the need for health care is growing because of AIDS and initiatives to improve immunization. Many African countries retained colonial-era education systems, which means that doctors and nurses are trained to colonial-power standards. However, financially strained health care systems in Africa find it hard to place doctors and nurses in poorer rural areas, so they often assign new graduates who received government support for their education to rural areas with limited facilities and staff, and enforce these assignments by withholding licenses until a year or two of service is completed. The result is a bad experience that prompts many newly licensed health care professionals to emigrate, so that in South Africa, for example, about 40 per cent of the 1,300 doctors and 2,500 nurses who graduate each year plan to emigrate as soon as possible.

Health care is a peculiar sector, with government strongly influencing demand via the provision of clinics and charges for patients and drugs, and government affects supply by subsiding training and by setting salaries and working conditions. The South African case quickly becomes complex. For example, the understaffing problem is most severe in rural areas, suggesting an inadequate wage premium. Second, there are 32,000 unfilled nursing jobs in South Africa, and only 7,000 South African nurses abroad, so even if all returned, there would be unfilled vacancies. But instead of trying to stop emigration, it may make more sense to ask why there are 35,000 persons in South Africa with nursing credentials who are not working as nurses—inducing them to return to nursing offers more promise to fill vacant jobs than stopping emigration.

Jamaica has complaints similar to South Africa about the emigration of nurses and other professionals leading to shortages at home. An estimated 75 per cent of Jamaicans with higher education have emigrated, and “migration fever” is reportedly very common among graduates who assume that they will have higher wages and better working conditions abroad (Thomas-Hope, 2002).[10] Like South Africa, Jamaica wants compensation from countries that accept its professionals. Minister of Foreign Trade Anthony Hylton called for “bilateral and multilateral arrangements with countries like England and the United States so that they pay at least a part of the training cost to the government for recruiting people that we have trained and will not necessarily benefit from their service.” (quoted in Latin America. 2001. Migration News. Vol 8. No 10. October).

South Africa and Jamaica are seeking compensation from destination countries for the exit of their professionals. In the Philippines, by contrast, private recruiters pressure the government to research new foreign markets for health care workers. There are several important differences between South Africa and Jamaica and the Philippines, including the fact that nursing education in the Philippines is often financed privately, so that individuals rather than governments are investing in education for foreign labor markets.

In the Philippines, some 6,500 to 7,000 nurses graduate each year, and many plan to go abroad for better pay, more professional opportunities, and because of ties to relatives abroad.[11] Pay for Filipino nurses abroad was reported to be $3,000 to $4,000 a month in 2003, versus $170 a month in urban areas of the Philippines, and $75 to $95 a month in rural areas.[12] Most nurses are trained in private, tuition-charging schools, with students taking out loans to pay for their education. Private recruitment firms find jobs abroad for graduates, and they compete with each other on the promises they make regarding wages, working conditions, and eventual immigrant status.[13] The Philippine government seems to welcome nursing exports; Labor Secretary Patricia Sto. Tomas says that nurses are "the new growth area for overseas employment," and that Filipinas have a comparative advantage because of their care giving skills and English. She said: "we won't lose nurses. The older ones, those in their mid-40s, are not likely to leave. Besides, the student population reacts to markets quickly. Enrollment is high. We won't lack nurses."

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[10] Jamaica has replaced some of its emigrant health care workers with Cubans.

[11] The Philippines Nurses Association Inc. (PNA) estimated in 2002 that 150,885 Filipino nurses were abroad, and noted that experienced nurses with specialty training were most in demand overseas.

[12] Since it is easiest to go abroad as a nurse, some Filipino doctors, who earn $300 to $800 a month, are reportedly retraining as nurses so they can emigrate.

[13] For example, one agency promises Filipino nurses that their US hospital employers will sponsor them for immigrant visas (www.nursestousa.com/).

Instead of promoting the export of heath care professionals, some countries are promoting health tourism, attracting fee-paying private patients to generally private hospitals in developing countries that provide high-quality care at lower-than-home-country prices. For example, Malaysia has identified "health tourism" as a growth industry, reporting revenue of M$36 million in 2002 and M$54 million in 2003.[14] India is also promoting itself as a health tourism destination, creating a task force in January 2004 to "assess the opportunities for promoting India as a health destination and recommend specific types of health facilities which can be made available for this purpose."[15] Thus, as with IT services, the future could be a world in which migrants move to provide services and patients arrive to obtain services, meaning that there could be more migration as well as trade in services.

b) Unskilled migrants

Most migrants have not set off blindly in search of better opportunities abroad. Instead, most of today's unskilled migrants move with the help of networks created by employers in destination countries who recruited domestic helpers, farm workers, and service workers, usually with the blessing or at least toleration of their governments. After recruitment has set migration flows in motion, networks often allow migration to expand, as experienced migrants climb the ladder and recruit family and friends to replace them in often low-wage and high-turnover jobs.

The fact that the origins of most unskilled migrant flows lie inside destination countries has important implications for migration management. When destination country governments stop legal recruitment, or announce that they will no longer tolerate unauthorized flows, they are attempting to break a link that evolved to serve the interests of both migrants and their employers. A common mistake in many destination countries with guest worker programs is to imagine that stopping legal recruitment will stop the flow of migrants, much as placing a dam across a river will stop the flow of water. But migration networks are like rivulets that form a delta, so that stopping recruitment is like placing one barrier on a multifaceted flow, and migrants often respond by using other channels.

The story of employers and migrants becoming dependent on each other and migration networks diversifying over time to make governmental controls more difficult is a familiar one told on both sides of the Atlantic. The US allowed the recruitment of Mexican Bracero workers between 1942 and 1964, and most European governments allowed the recruitment of guest workers in the 1960s and early 1970s. Governments assumed that stopping recruitment would stop migration, and in both cases they were wrong—migration continued, but in different and often harder-to-manage channels. This experience shows that labor recruitment in one period and in one channel can lead to migration in defiance of laws and via different channels in later periods, and that the development of a private migration infrastructure can contribute to the loss of governmental control. Thus, unless remittances and return promote stay-at-home, the recruitment of guest workers can beget more migration.

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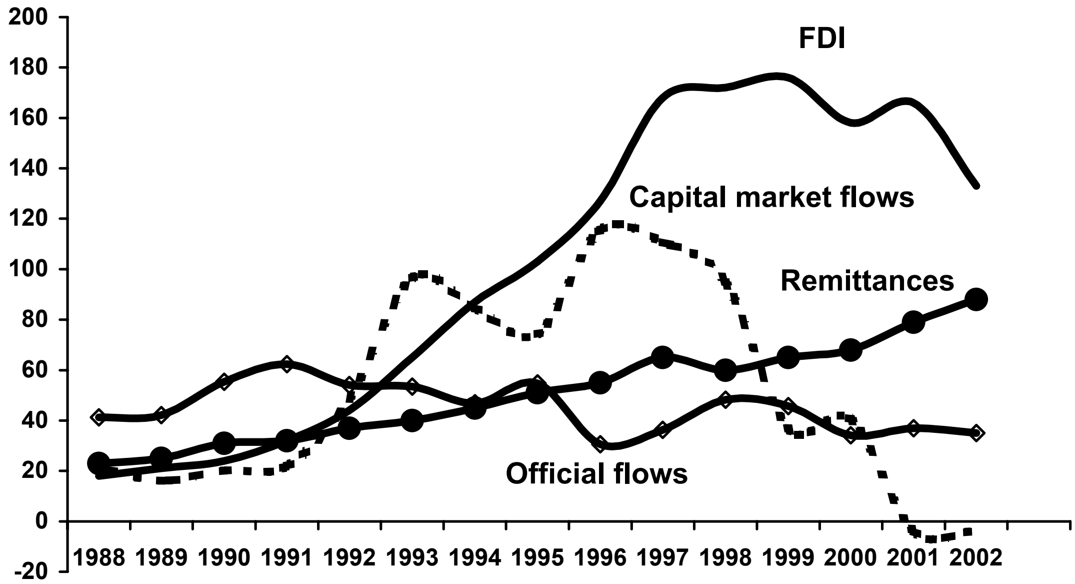
[14] About 60 per cent of foreigners who seek treatment in Malaysia are from Indonesia, and in October 2003, the Health Ministry set fees under three packages priced between RM450 and RM1,150, and has recommended floor and ceiling prices for 18 procedures performed for cardiology, orthopaedics and plastic surgery. "Robust growth in revenue for health tourism sector," Business Times (Malaysia), February 4, 2004.

[15] "Govt Sets Up Task Force On Health Tourism," Financial Express, January 11, 2004.

ii) Remittances

Remittances, the portion of migrant incomes abroad that are sent home, can reduce poverty and reduce incentives to migrate. Remittances have risen with number of migrants, and they surpassed official development assistance in developing countries in the mid-1990s. In recent years, foreign direct investment and capital market flows to developing countries have decreased, so that the only financial flow to developing countries that is still on an upward path are remittances.

Figure 1: Remittances and other flows to developing countries ($ bils)



The growth of remittances has stirred hopes that the monies sent by migrants to their countries of origin can reduce poverty and stimulate development. The IMF estimates remittances for each country in its Balance of Payments Statistics Yearbook. The two major types of funds transferred are worker remittances, the wages and salaries that are sent home by migrants abroad 12 or more months and listed under current transfers, and compensation of employees (called labor income until 1995), the wages and benefits of migrants abroad less than 12 months and included as income in a country's current account.[16]

Many countries do not know how long the migrants remitting funds have been abroad, so most analyses combine workers remittances and compensation of employees. For example, Mexico reports most money inflows under worker remittances, while the Philippines reports most under compensation of employees. The volume of remittances depends on the number of migrants, their earnings, and their willingness to remit. Remittances to developing countries more than doubled between the late 1980s and the late 1990s, after experiencing drops in 1991 (Gulf war) and in 1998 (Asian financial crisis).

[16] A third item not generally included in discussions of remittances are migrants' transfers, which is the net worth of migrants who move from one country to another. For example, if a person with stock migrates from one country to another, the value of the stock owned moves from one country to another in international accounts.

Table 3. Remittances to developing countries, 1988-2002

	Remits ($mil)	Per Change
1988	28,340	
1989	32,136	13%
1990	39,052	22%
1991	33,050	-15%
1992	37,196	13%
1993	38,872	5%
1994	44,134	14%
1995	50,632	15%
1996	54,851	8%
1997	65,021	19%
1998	60,895	-6%
1999	65,325	7%
2000	64,500	-1%
2001	72,300	12%
2002	80,000	11%
Total 1988-2002	766,304	182%

Source: www.worldbank.org/prospects/gdf2003/gdf_statApp_web.pdf (p198)

A handful of developing countries receive most remittances. The three largest recipients of remittances, India, Mexico, and the Philippines, received a third of total remittances to developing countries in recent years, and the top six recipients, these three plus Morocco, Egypt, and Turkey, received half of all remittances to developing countries. Remittances are most important in smaller and island nations, where they can be equivalent to 20 to 40 per cent of GDP, e.g. in 2001, remittances were 37 per cent of GDP in Tonga, 26 per cent in Lesotho, 23 per cent in Jordan, and 15 to 17 per cent in Albania, Nicaragua, Yemen, and Moldova. The major sources of remittances were the US, $28 billion in 2001, Saudi Arabia, $15 billion, and Germany, Belgium, and Switzerland, $8 billion each.

Table 4. Remittances to selected countries, 1995-2001

	1995	1996	1997	1998	1999	2000	2001
Developing Countries($bil)	48	53	63	60	65	65	72
India	6.2	8.8	10.3	9.5	11.1	9.2	10
Mexico	4.4	5	5.5	6.5	6.6	7.6	9.9
Philippines	5.4	4.9	6.8	5.1	6.9	6.2	6.4
Morocco	2	2.2	1.9	2	1.9	2.2	3.3
Egypt	3.2	3.1	3.7	3.4	3.2	2.9	2.9
Turkey	3.3	3.5	4.2	5.4	4.5	4.6	2.8
Subtotal	24.5	27.5	32.4	31.9	34.2	32.7	35.3
Share of total							
India	13%	17%	16%	16%	17%	14%	14%
Mexico	9%	10%	9%	11%	10%	12%	14%
Philippines	11%	9%	11%	9%	11%	10%	9%
Morocco	4%	4%	3%	3%	3%	3%	5%
Egypt	7%	6%	6%	6%	5%	4%	4%
Turkey	7%	7%	7%	9%	7%	7%	4%
Big 6 share	51%	52%	52%	54%	53%	51%	49%

Source: www.worldbank.org/prospects/gdf2003/gdf_statApp_web.pdf (p198)

The World Bank's Global Development Finance (GDF) report estimated that remittances to developing countries reached $80 billion in 2002 and emphasized two issues: (1) how to increase the access of workers to official banking channels, which can allow governments to borrow against expected remittances,[17] as well as how to lower fees, which average 13 per cent of the amount transferred; and (2) how to increase the development impact of remittance spending in the areas that receive them. Many countries are taking steps to make it easier for migrants to open bank accounts, which have the side effect of increasing competition in the money transfer business, a sector with high fixed and low marginal costs. Research to maximize the development impacts of remittances is in its infancy.

a) Access and remittance fees

Studies demonstrate convincingly that the best way to maximize the volume of remittances is to have an appropriate exchange rate and economic policies that promise growth (Ratha, 2003). Regardless of how much migrants remit, since the September 11, 2001 terrorism attacks many governments have tried to reduce transfer through informal channels and shift them to formal channels, as via banks. Migrants have demonstrated a willingness to transfer money via official channels, especially if it is easy and cheap to so, but this usually requires banking outlets in migrant communities at home and abroad and competition to lower transfer costs.

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[17] When the risk premium for borrowing funds abroad is very high, some countries have been able to float bonds secured by the anticipated future flow of remittances, as Brazil did in 2001.

There has been considerable progress on both fronts in some areas. In one of the largest transfer markets, that between the US and Mexico, there were 25 million consumer money transfers in 2000, averaging about $300 each, and the Mexican government has been very active in increasing access to formal banking channels and lowering the cost of transferring funds.[18] Costs and services associated with the transfer vary widely. For example, on April 23, 2001, when the interbank exchange rate was $1 = 9.3 pesos, the fee charged by most money transfer firms in Los Angeles was $8 to $15 and the exchange rate varied from 8.9 to 9.2 pesos per dollar, making the total costs of transferring $300 from $5 to $20, or two to seven per cent. Western Union, the largest firm, had two services, each with different charges: (1) a fee of $12 and an exchange rate of 9.15 pesos or a total $12 for Giro Telegrafico, which delivers money within 24 hours in Mexico through 1,700 Telecom offices, and (2) En Minutos, which charged $12 and had an exchange rate of $1 buying 8.90 pesos, for a total $20.20.[19] Moneygram's two services were (1) Cambio Plus, which charged $15 and had an exchange rate of 9.23 for a total charge of $12.38, and delivered the funds within 10 minutes at 920 Mexican agents, including Wal-mart, Gigante, and Gasoplus and (2) Dia Siguiente, which charged $10, had an exchange rate of 8.9, for a total charge of $18.52, and delivered the funds within 24 hours at Banamex.[20] Several of the services offer a free three-minute telephone call so that those who send funds can advise the recipient.

Western Union[21] and Orlandi Valuta had an estimated 40 per cent market share in the Mexican market in 2000, representing about 10 million transactions a year, as much as the five next largest firms combined. In 1998, class action lawsuits were filed against Western Union, charging that the foreign exchange spread was a hidden and undisclosed fee, and lawyers for migrants charged that the usual cost of sending $300 to Mexico was $30 plus a $5 to $10 foreign exchange mark up. A 2000 settlement required Western Union to pay the lawyers who brought the suit $10 million, to establish "a charitable fund for the advancement of Mexican and Mexican-American causes in the amount of $4.6 million," and to issue coupons offering discounts to customers who transferred money from the US to Mexico between January 1, 1987 and August 31, 1999.[22] Increased competition promises to further lower fees. For example, Citibank in 2003 announced that it would allow those with bank accounts to move as much as $3,500 to Banamex accounts in Mexico for $5, plus a commission of about two per cent over the bank-to-bank foreign exchange rate. Mexico's US consulates have been issuing matricula consular ID cards so that migrants in the US have the government-issued identification necessary to open US bank accounts.[23]

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[18] Since December 1998, Mexico's federal consumer protection agency, Profeco, has compared the cost of transferring $300 from the US to Mexico weekly in six US cities: Chicago, Los Angeles, New York, Dallas, Miami and Houston, (http://www.profeco.gob.mx/enviodinero/enviomnu.htm). The costs vary by city or origin and destination as well as the services provided with the transfer.

[19] En Minutos delivers the funds through 4,500 agents within 15 minutes, including Telecom as well as Elektra and Bital.

[20] The cheapest service was Envios de Dinero, a Bacomer service that charged $8, had an exchange rate of 9.25 for a total charge of $4.72, and delivered the funds within 10 minutes at 2,800 Mexican agents, including Bacomer offices. However, this service had only 28 agents in the US.

[21] Western Union, a unit of First Data Corp, has about 12 per cent of the global remittance market, which is very profitable- Western Union had profits of $1 billion on $3.5 billion in revenues in 2003.

[22] The companies agreed to provide $375 million in coupons, including two $4.25-coupons or one $6-coupon for each transaction between 1993 and 1999, and another coupon for every 10 transactions conducted before 1993—most of the coupons, which had to be claimed by March 17, 2003, were not redeemed, probably because migrants did not know about them.

[23] Some Mexican firms allow migrants in the US to order and pay for goods that are delivered in Mexico. The Mexican cement firm Cemex, for example, allows migrants to order and pay for building materials that are used to (continued…)

The US-Mexico remittance market is unregulated, in the sense that Mexicans in the US decide how and how much to remit. Several Asian countries, by contrast, have specified both the amount of remittances migrants must send and the form in which they are remitted. For example, many Korean migrants in the Middle East in the late 1970s and early 1980s were considered employees of their Korean construction company, and had their Korean currency earnings sent to their families in Korea while receiving a stipend in local currency abroad. Many Chinese and Vietnamese migrants today go abroad as employees of Chinese and Vietnamese firms, and their wages are paid in a similar way—most go to the migrant's family or bank account in local currency. The Philippines, in a policy unpopular with migrants, attempted to specify how much should be remitted in the 1980s, but later abandoned the policy.

Forced savings programs are unpopular with migrants. Migrants from Jamaica, Barbados, Saint Lucia and Dominica have been sent to US farm employers since 1943 under the auspices of the British West Indies Central Labor Organization, and the BWI CLO charged migrants a fee of five per cent of what they earned for liaison and other services. In addition, BWI CLO required US employers to deposit 20 per cent of each workers' earnings in a Jamaican savings bank. Migrants complained that they had difficulty getting their forced savings in Jamaica, and when they did, they received them with no interest, prompting the bank to begin paying interest. Similarly, between 1942 and 1946, Mexican Braceros had 10 per cent of their earnings sent from US employers directly to the Bank of Mexico. Many of the war-time Braceros say they never had these forced savings returned to them in Mexico, and the Mexican government says it has no records of what happened to the money. Suits filed in the US prompted the Mexican government to accept claims for the unpaid forced savings, but the case persists 60 years after the event.

b) Remittances: Development impacts

Remittances can reduce poverty and improve the lives of recipients, and can also accelerate development that reduces poverty for non migrants. Most remittances are used for consumption, helping to explain their stability[24] even as exchange rates and investment outlooks change.[25] In an effort to, inter alia, attract remittances, many developing countries made their exchange rates more realistic in the 1990s, and presidents in Mexico and the Philippines acknowledged the important contributions that remittances make to development.

The spending of remittances can generate jobs. Most studies suggest that each $1 in remittances generates a $2 to $3 increase in GDP, as recipients buy goods or invest in housing, education, or health care, improving the lives of non-migrants via the multiplier effects of remittance spending. Research suggests that the exit of men in the prime of their working lives initially leads to reduced output in local economies, but the arrival of remittances can lead to adjustments that maintain output. For example, migrant families can shift farming operations from crops to livestock, which require less labor, hire labor to produce crops, or rent crop land to other farmers, enabling them to achieve economies of scale.

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build houses in Mexico. Cemex charges $1 to transfer funds under its Construmex program that are used to buy building materials at its Mexican outlets, and provides housing plans to US migrants; houses in migrant areas of origin can be built for $15,000.

24 Automatic stabilizers in developed countries, such as unemployment insurance, help to stabilize the flow of remittances to developing countries that have the same economic cycles as the countries in which their migrants work.

25 Ratha (2003) noted that remittances to high-debt and less-transparent countries were more stable than those to middle-income open economies because the latter include more remittances destined for investment.

Remittances have many other effects in the communities in which they arrive. Remittances often upset local hierarchies, as money from abroad creates a new class of people with money, often producing a new group of moneylenders, women whose husbands are abroad. There is a growing literature on the risk and relativity of remittances, as when a farmer is more likely to try planting new seeds or crops if he is receiving remittances from abroad that will cushion crop failure, or emphasizing that, with one family using remittances to buy a TV and satellite dish, there is pressure on other families to keep pace.

The hope is that remittances can reduce poverty and speed development. Many governments in countries receiving remittances have begun to acknowledge the importance of remittances in achieving development goals. Mexican President Vincente Fox, who called Mexican migrants in the US "heroes" for the remittances they send home which he says are vital to Mexico's development, and Fox expanded programs under which federal, state, and local governments match remittances that are invested to create jobs under so-called 3-for-1 programs-- each $1 of remittances invested in government-approved projects receives an additional $1 match from federal, state, and local governments. The state of Zacatecas and the InterAmerican Development Bank have gone further, providing infrastructure support and financing for returned migrants who invest in job-creating enterprises such as the value-added processing of farm commodities.

In addition to remittances, migrants can steer foreigners' investments to their countries of origin and persuade their foreign employers to buy products from their countries of origin. For example, professionals abroad can be important sources of remittances for their countries of origin and can also steer others' investments. Having migrants abroad increases travel and tourism between countries, as well as trade in ethnic foods and other home-country items. Migrants abroad may undertake many other activities, including organizing themselves to provide funds for political parties and candidates. Since many of these activities are informally organized, it is often difficult to ascertain their volume and impacts.

iii) Returns

The third R in the migration and development equation is returns. Ideally, migrants who have been abroad return and provide the energy, ideas, and entrepreneurial vigor needed to start or expand businesses at home; workers employed abroad can return with the skills and discipline needed to raise productivity at home. Migrants are generally drawn from the ranks of the risk takers at home, and if their new capital is combined with risk-taking behavior, the result can be a new push for economic development. On the other hand, if migrants settle abroad and cut ties to their countries or origin, or if they return only to rest and retire, there may be limited development impacts of returning migrants. There is also the possibility of back-and-forth circulation, which can under some conditions contribute to economic growth in both countries.

There are several cases in which government programs and policies planted the seeds that led to the return of migrants and investment and job creation at home. Because Taiwan invested most of its educational resources in primary and secondary education in the 1970s, Taiwanese seeking higher education often went abroad for study, and over 90 per cent were believed to remain overseas despite rapid economic growth in Taiwan.[26] During the 1980s, before the end of martial law, more Taiwanese graduates began to return; others maintained "homes" in North

[26] These students were highly motivated to pursue advanced studies. Before they could do abroad, they had to complete two years of military service and obtain private or overseas financing.

America and spent so much time commuting that they were called “astronauts” because they spent so much time on planes.

A major governmental effort that attracted migrants home was the Hinschu Science-based Industrial Park, begun in 1980 to create a concentration of creative expertise as in Silicon Valley. The government provided financial incentives for high-tech businesses to locate in Hinschu, including subsidized Western-style housing (Luo and Wang). By 2000, the park was a major success, employing over 100,000 workers in 300 companies that had sales of $28 billion. About 40 per cent of the companies were headed by returned overseas migrants, and 10 per cent of the 4,100 returned migrants employed in the park had PhD degrees.

The Taiwanese experience suggests that investing heavily in the type of education appropriate to the stage of economic development, and then tapping the “brain reserve overseas” when the country’s economy demands more brainpower, can be a very successful development strategy. Mainland China may be copying the Taiwanese model. Chinese leader Premier Zhao Ziyang called Chinese abroad "stored brainpower overseas," and encouraged Chinese cities to offer financial subsidies to attract them home, prompting the creation of "Returning Student Entrepreneur Buildings.”[27] However, most Chinese who studied abroad remain abroad: 580,000 went abroad since 1979, but only 25 per cent returned by 2002.

The poorest countries pose the largest return challenges. The International Organization for Migration (IOM) operates a return-of-talent program for professional Africans abroad, providing them with travel and housing assistance and wage subsidies if they sign two-year contracts that require them to work in the public sector of their country of origin. The United Nations Development Program has a similar Transfer of Knowledge Through Expatriate Nationals (TOKTEN) program that subsidizes the return of teachers and researchers.

However, most returning professionals have an immigrant or long-term secure status abroad, and are in their country of origin only while receiving the subsidy. Subsidizing the return of substantial numbers of Africans would be expensive. It is widely asserted that there are 250,000 African-born professionals outside Africa, and 100,000 non-African professionals in Africa working for UN agencies and under the auspices of programs such as the Peace Corps, prompting Sussex University’s Richard Black to call subsidized return-of-talent programs “expensive failures,” since they bring temporary return, but not the “investment that [return] should bring.”[28]

Even if migrants do not return immediately, they can contribute to development by maintaining links with their countries of origin. One way for sending countries to maintain links with Diasporas is to permit dual nationality or dual citizenship, which Bhagwati (2003) says can lead to “a Diaspora model [of development], which integrates past and present citizens into a web of rights and obligations in the extended community defined with the home country as the center.”

Having migrants abroad can also generate so-called "political remittances," ideas that help to speed up (or slow down) change in often-traditional sending countries, depending on whether migrants are liberal or conservative with respect to home country residents. In many countries, Diasporas influence the policies of host countries toward countries of origin, as with Mexicans in the US. The African Foundation for Development, in a 2004 submission to the UK’s International Development Committee's Inquiry on Migration and Development, urged the

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[27] Shanghai reportedly has 30,000 returned professionals, 90 per cent with MS or PhD degrees earned abroad, who are employed or starting businesses (Jonathan Kaufman, “China Reforms Bring Back Executives Schooled in US,” Wall Street Journal, March 6, 2003; Rone Tempest, “China Tries to Woo Its Tech Talent Back Home,” Los Angeles Times, November 25, 2002).

[28] Quoted in Alan Beattie, “Seeking consensus on the benefits of immigration,” Financial Times, July 22, 2002, p9.

creation of formal channels through which migrants settled in Britain can funnel suggestions about development in their home countries to official aid agencies.

There are two final caveats to this sparse survey of the potential benefits of returning migrants and the Diaspora abroad. First, it is often asserted that, instead of promoting returns with subsidies and other expensive devices, sending countries should adopt retention policies by e.g. not denying opportunity to those from the wrong tribe or political party. Second, the Diaspora can be a force for conflict rather than development, as when they provide the funds to support one side in a civil war or conflict.[29]

4. Development and migration

For many years, poverty was seen as a root cause of migration, and development or a reduction in poverty was seen as the solution for unwanted migration. Thus, attacking the "root causes" of migration was widely heralded as the surest path to decrease illegal and unwanted migration. For example, the European Council in Seville in 2002 declared: "an integrated, comprehensive and balanced approach to tackle the root causes of illegal migration must remain the European Union's constant long-term objective."

Migration, by moving workers from lower to higher wage jobs, should be self stopping as it promotes convergence in wages between countries. The well-documented convergence as the factor price equalization theorem predicts occurred between Europe and North America in the late 19th and early 20th centuries, and between southern and northern Europe in the 1960s and 1970s (Hatton and Williamson, 1998; Strauhaar). Williamson (1998, 60) concludes that "mass migration by itself may explain about 70 per cent of the real wage convergence in the late 19th century Atlantic economy." However, wages did not converge as fast as they might have in the late 1800s because European capital chased labor across the Atlantic.

Instead of convergence via migration, as workers move to jobs, economic theory teaches that convergence can also be achieved as jobs move to workers via freer trade and investment. The US Commission for the Study of International Migration and Cooperative Economic Development, searching for "mutually beneficial" ways to reduce unwanted migration, concluded that freer trade was preferable: "expanded trade between the sending countries and the United States is the single most important remedy." (1990, p. xv).

Trade means that a good is produced in one country, taken over borders, and bought and consumed in another. Economic theory teaches that comparative advantage increases global income: if countries specialize in producing those goods in which each has a comparative advantage, the residents of all countries will be better off with trade. This means that, if Mexico can produce TV sets relatively cheaper than the US, and the US can produce corn relatively cheaper than Mexico, Mexico should produce televisions and send them to the US in exchange for corn. As a result, Americans get cheaper TVs and Mexicans get cheaper tortillas, and the combined sum of the two countries' GDPs are larger. Most political leaders assume that the trade and migration are substitutes, as when then-Mexican President Salinas asserted that freer trade means "more jobs…[and] higher wages in Mexico, and this in turn will mean fewer migrants to the United States and Canada. We want to export goods, not people." (quoted in Bush letter to Congress, May 1, 1991, p. 17).

However, there are several cautions about the ability of trade to stimulate development and quickly reduce migration. It is well known that there can be job-displacement in response to

29 Some governments are reluctant to welcome home refugees, viewing with suspicion those who fled a conflict for refuge abroad.

freer trade, as when TV factories in the US close and as Mexican farmers quit growing corn. The displaced US workers are not likely to migrate to Mexico, but since rural Mexicans were migrating to the US before freer trade in corn, some displaced corn farmers may migrate as a result of freer trade, so the Commission warned that "the economic development process itself tends in the short to medium term to stimulate migration," producing a migration hump when migration flows are viewed over time (1990, p. xvi).

i) The migration hump

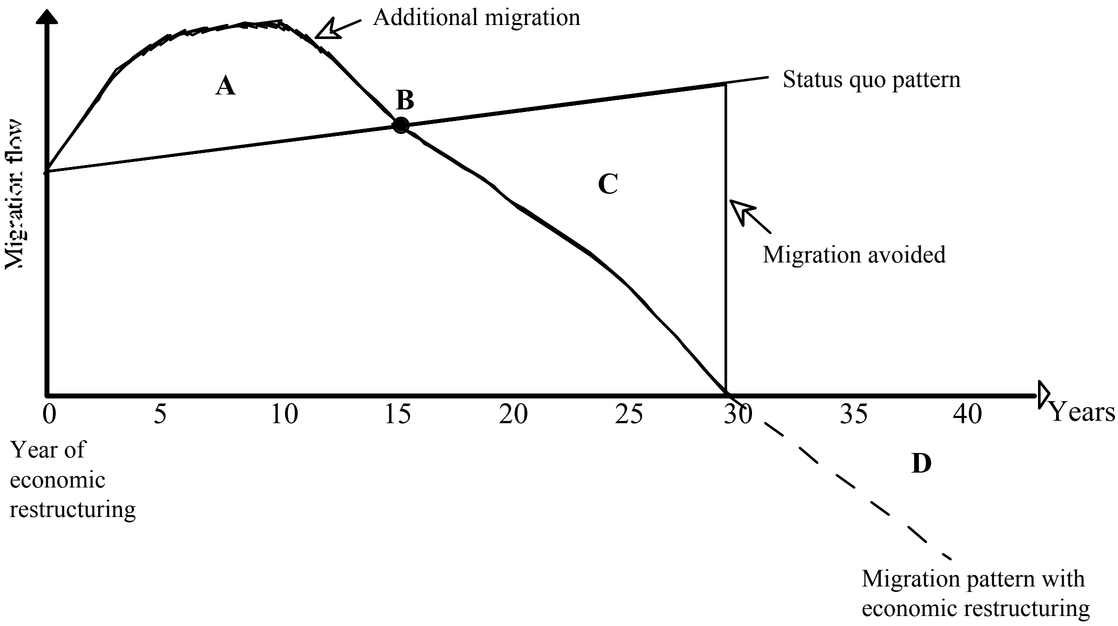
A migration hump leads to a paradox: the same economic policies that can reduce migration in the long run can increase it in the short run or, in the words of the Commission, there is "a very real short-term versus long-term dilemma" for a country such as the United States trying to persuade a skeptical Congress and public that a free trade agreement is the best long-run way to reduce unauthorized immigration from Mexico (1990, p. xvi). The Commission argued that the short-run increase in immigration associated with freer trade is a worthwhile price to pay for policies that reduce unwanted immigration in the long-run. Martin (1993) reached a similar conclusion. After examining how the proposed North American Free Trade Agreement would likely affect Mexico-US migration flows, he concluded that trade and migration would be complements in the short run.

The reason why trade and migration could rise together between Mexico and the US is that Mexicans have been migrating to the US for decades, meaning there are well-established networks linking rural Mexico to rural America. Most Mexican-born US residents had their first US jobs on farms, and the demand for Mexican workers in US agriculture increased with freer trade, since Nafta lowered trade barriers that had limited US farm exports to Mexico. At the same time, freer trade increased supply-push emigration pressures in Mexico, as farmers were displaced and workers were displaced from previously protected state-owned industries.

Martin concluded that the flow of Mexicans to the US, running at 200,000 settlers and 1 to 2 million sojourners a year, would likely increase by 10 to 30 per cent for a decade or more, producing a migration hump. The Clinton Administration used the migration hump to argue that Congress should approve Nafta because the additional migration represented by the hump was a reasonable price to pay for less migration in the long run.

The migration hump is pictured in Figure 2, where the steadily rising line represents the status-quo migration flow and the hump line depicts the increase in migration, since the number of migrants is measured on the Y-axis and time on the X-axis. Without economic integration, migration rises in the status-quo scenario because of faster demographic growth and slower economic growth in sending countries. Economic integration, on the other hand, leads to a temporary increase in migration, represented by **A**, when trade and migration are complements. However, economic integration also speeds up economic and job growth, and the downside of the hump shown in the movement toward **B** occurs when trade and migration have become substitutes. As economic integration accelerates convergence area **C** represents the migration avoided by economic integration, and area **D** represents the migration transition, when a net sending country becomes a net receiving country.

Figure 2. The migration hump



The critical policy parameters are A, B, and C-- how much does migration increase as a result of economic integration (A), how soon does this hump disappear (at B), and how much migration is "avoided" by economic integration (C)? Generally, three factors must be present to create a migration hump: a continued demand-pull in the destination country, an increased supply-push in the origin country as a result of economic integration, and migration networks that can move workers across borders. The usual economic analysis is comparative statics or comparisons of equilibrium points before and after economic changes, not the process of adjustment to a new equilibrium, while the migration hump is this process of adjustment.

ii) Trade theory and the migration hump

Students are usually taught that trade and migration are substitutes, and that there can be convergence in prices and wages if goods cross borders or if workers cross borders. But standard trade theory allows trade and migration to be complements when some of its basic assumptions do not hold, including identical production technologies; factor homogeneity; constant returns to scale; instantaneous adjustment; and perfect competition, full employment, and complete markets (Table 4)

We can examine the basic assumptions for typical countries linked by migration. Suppose a country in the North (N) is capital rich, and a country in the South (S) is capital poor. If the two countries share the same technologies or production functions, and the same two factors of production, capital and labor, are used in each country to produce two goods, free trade means that each country will export the good that is more intensive in the factor that is relatively more abundant. This means that Country N will import labor-intensive goods from Country S, and Country S will import capital-intensive goods from Country N.

Table 5. Theoretical rationales for migration humps

Theoretical Rationale	Complementarity between trade and migration in the short run	Substitutability between trade and migration in the long run	Reason for larger migration hump
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 the funds to undertake risky migration	New jobs and factor market development offer alternatives for migration	Limited employment expansion to provide attractive alternatives to migration, due to above

Stolper and Samuelson considered the effect on factor prices (wages and the return on capital) of an import tariff that increases the domestic price of the import-competing good relative to the price of the export good. If the underlying trade pattern is not altered by the tariff, the import tariff increases the real reward of the relatively-scarce factor and lowers the real reward of the other factor, or a tariff levied against labor-intensive imports in Country N will increase Country-N wages. Trade liberalization would shift the production of labor-intensive goods to Country S and capital-intensive goods to Country N, which puts upward pressure on Country-S wages and discourages emigration.[30]

However, if there are technology differences, trade and migration can be complements instead of substitutes. Corn in Mexico has been highly protected by government policies that guarantee farmers a price of corn that was twice the world price in the early 1990s. The 3 to 4 million corn farmers in Mexico before Nafta produced half as much corn as the 75,000 corn farmers in Iowa, who use herbicides and other capital inputs rather than oxen and intermittent rainfall. Thus Iowa farmers can export corn to Mexico and undercut Mexican farmers, who use labor-intensive production methods, illustrating the fact that, if .the basis for trade is differences in technology, trade and migration may be complements.

Factor productivity differences between countries are one reason to trade, but **reasons** for these productivity differences can help to explain migration behavior. If Mexican workers are more productive in the US than they are in Mexico because of better public and private

[30] Both Stolper-Samuelson and the Heckscher-Ohlin theorem on which it is based rule out international factor movements, including migration.

infrastructure, migration can complement trade, as occurred when much of the Mexican shoe industry moved from Leon, Mexico to Los Angeles in the 1980s, resulting in shoes produced with Mexican workers in Los Angeles being exported to Mexico. Migration, by converting less productive Mexican workers into more productive US workers, in this case discouraged the production a labor-intensive good in Mexico and encouraged migration to the US.[31]

A third assumption of the standard trade model is that (identical) production functions in the two countries exhibit constant returns to scale, which means that increasing all inputs by 10 per cent increases output by 10 per cent. However, if costs of production fall as output expands, especially in industries that employ migrant workers, economic integration may expand production in the immigration country, increasing the demand-pull for migrants. This is what occurred in the 1960s in France and Germany, when importing guest workers helped car companies achieve economies of scale, and discouraged the production of cars in labor-sending countries. When the basis of trade is economies of scale, migration and trade can be complements.

The fourth assumption of the standard trade model is that adjustments to changing prices and wages are instantaneous, and that the process of adjustment does not affect the eventual equilibrium. Since economic integration often leads to restructuring that displaces workers, and the unemployed may require some time to find new jobs, adjustment may take time. For example, freeing up trade in corn displaced Mexican farmers, but there were few jobs created by Mexico-US economic integration in the rural areas where corn farmers were displaced. In this case, freer trade sparked protests in and emigration from rural Mexico, reflecting factor specificity rather than easy transitions from one industry to another. If factor specificity is widespread, freer trade can encourage ex-farmers to migrate abroad in search of farm jobs as agricultural employment falls at home.

The fifth assumption of trade theory is that markets are perfect, individuals are rational and have full information, and there are no transactions costs. Thus, the realities of missing or incomplete markets, imperfect information, and high transactions costs, the hallmarks of the so-called new economics of labor migration, can explain why migration may not fall as quickly as trade economists expect. People confronting market imperfections may respond by migrating, as when there is no or no affordable insurance available in rural areas, so that if the crop fails or a family member gets sick and runs up health care bills, migration may be the only or fastest way to repay the debt. Similarly, if poor people who wanted to migrate could not borrow the needed funds, economic integration that makes people richer may lead to more migration as the financial block to emigration is eased.

Risk is another factor that can affect migration patterns. If migration is irregular, not all of those attempting to migrate over borders will succeed; some will be apprehended and returned. Suppose freer trade leads to the creation of export processing zones that employ mostly young women. In such a case, a farm family with young men and women may send the women to the EPZ and, with the security of the daughter's income from legal internal migration, they may be willing to send the men on the much riskier international migration circuit. There can also be social reasons for migration. If families receiving remittances build better houses and buy

[31] This point is closely related to a long-standing debate in the trade literature concerning the definition of labor abundance, rooted in the Leontief Paradox. If labor supply is measured in efficiency units, and if workers are significantly more efficient in the North than in the South, then the North may be labor abundant. Migration, by converting southern workers into northern ones, can increase the amount of labor available in the North, measured in these efficiency units. The greater efficiency of labor in the North relative to the South may discourage the production of some labor-intensive goods in the South, and thus encourage South-North migration.

satellite televisions, other families may send migrants abroad so that they can keep up with their neighbors.[32]

iii) The migration transition

Trade and migration are likely to be complements in the short run when income differences between labor-sending and receiving countries are more than 4 or 5 to one. Once wage differences narrow to 4 to 1 or less, and job growth offers opportunities at home, the "hope factor" can deter especially irregular migration—most people prefer to stay near family and friends.[33] Continued economic and job growth should eventually reduce migration pressures, offering a powerful reduce-unwanted- migration argument for freer trade and investment.[34]

Economic factors determine the speed of income convergence, but migration networks can play a role that shortens or lengthens the migration hump. If there are dense and efficient networks, the sensitivity or elasticity of migration across national borders to wage and employment changes at home and abroad is likely to be greater. This helps to explain why trade-induced changes in rural Mexico are more likely to be translated into international migration to the US than similar free trade reforms in Chile.

5. New issues: Conditionality, women

i) Conditionality

Migration can reduce poverty via remittances, but also slow the impetus for structural changes needed to allow a country to reduce poverty without overseas workers. Structural changes often require fundamental reforms that may threaten established interests, and emigration and remittances can act as safety valves for governments that want to avoid them. In this sense, emigration can act much like the discovery of natural resource wealth, relieving the pressure for economic and political changes needed for economic growth.

For example, there are an estimated one million Burmese migrants in Thailand, and many are ethnic minorities living near the Thai-Burmese border and who have been fighting the central government in Rangoon for decades. Migration to higher wage Thailand likely reduces pressure on the central government in Myanmar to assist border-area residents, and in this way emigration provides a safety valve that can put off fundamental reforms. Similarly Moldova, one of the smallest and most densely populated countries that arose from the breakup of the USSR, has perhaps 25 per cent of its population abroad, including a disproportionate number of young people. However, older residents who do not migrate and are nostalgic for the security of

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[32] Conspicuous consumption is a well-observed fact in migrant areas of origin; in eastern Turkey in the 1960s and 1970s, some migrant households displayed electric appliances from Germany even before their homes had electricity.

[33] South Korea made one of the world's fastest migration transition, sending 200,000 workers abroad in the early 1980s and having over 300,000 migrants today. However, some Koreans still want to emigrate, and about 11,000 a year do so. Private firms such as the Emigration Development Corporation advertise emigration opportunities to Koreans, and collect fees for helping Koreans who want to emigrate to navigate e.g. the Canadian point system.

[34] Indeed, in countries that underwent a migration transition from labor-sender to receiver, the feedback effect of the 3 R's accelerated economic and job growth even if foreign investment and job creation was not directed to the major areas of migrant origin. For example, southern Italy was the source of many migrants, and as Italy grew in the 1960s, migrants moved south to north within Italy rather than over borders.

Soviet times have re-elected to power ex-communist leaders whose slogan is reportedly “emigration is better than revolution."

Many labor sending countries receive aid from receiving countries, and one of the major issues is whether aid should be made conditional on cooperation to manage migration. Conditionality is increasing, but in Europe, where there was an especially heated debate over linking aid and migration cooperation in 2002, there is no consensus. The argument for conditionality runs as follows. The Geneva-based Inter-Governmental Consultations on Asylum, Refugee and Migration Policies in Europe, North America and Australia estimates the cost of caring for and processing the 450,000 to 500,000 people who apply for asylum each year in the industrial countries at $10 billion, or $20,000 per applicant. Between 1992 and 2000, only about 12 per cent of asylum applicants in IGC countries won asylum status during their first hearing and, even after appeals that allowed more applicants to remain, at least 80 per cent of the applicants were denied.

Should rich countries link aid with the cooperation of migrant-sending countries to try to limit emigration and accept the return of their nationals? In June 2002 in Seville Spain, some EU leaders wanted to impose sanctions against "uncooperative countries in the fight against illegal immigration." Spain, Italy and Britain urged fellow EU leaders to make aid to Turkey, Albania and Morocco contingent on their cooperation on migration management, while France and Sweden resisted strongly, arguing that denying aid to such countries would simply increase poverty and emigration. Decisions on immigration and asylum require unanimity, and EU leaders eventually agreed to: "a systematic evaluation of relations with third countries that do not collaborate with the fight against illegal immigration."

Italy has taken the lead in the carrot approach of offering temporary work permits and more aid outside official channels as an incentives to get countries to take back rejected asylum seekers and to deter illegal migrants. A recent communication from the EU Commission seemed to endorse this approach, saying that "a global development package will encourage [developing countries] to enter into readmission agreements" with the EU to facilitate the return of rejected asylum seekers. (Commission of the European Communities, 2002, p. 5)

ii) Women

Women account for a growing share of migrants, which is a consequence of destination countries offering more service jobs and barriers to women traveling long distances for jobs eroding. Protecting female migrants has emerged as a major challenge for governments and NGOs, with the Philippine government taking the lead. A million Filipinos a year, some 2,700 a day, over half women, are “deployed:” meaning they are sent under Philippine government auspices to work abroad, most to be domestic helpers, entertainers, and nurses.

The Philippines in 2003 had a population of 81 million and a labor force of about 33 million. High unemployment and low wages, combined with a migration infrastructure developed over the past quarter century, have encouraged emigration as the fastest and surest route to upward mobility. The most common first-time migrant is a 25 year old female college graduate going abroad to work as a domestic helper on a two-year contract.[35] Recruiting migrants for overseas jobs is a big business in the Philippines, as there are almost 1,200 licensed recruitment agencies.[36]

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[35] Many women complete 5 or more two-year contracts abroad before returning home to stay.

[36] About 900 recruitment agencies specialize in placing Filipinos in land-based jobs abroad, and 300 in sea-based jobs. Most are small--the Philippines Overseas Employment Administration (POEA) deployed about 10,000 migrants directly in 2003, while the largest agencies deployed 3,000 to 5,000.

The Philippine government's migrant processing and protection system has three major elements: the Philippines Overseas Employment Administration regulates recruitment and provide pre-departure orientation; labor attaches stationed at consulates abroad provide assistance to migrants,[37] and the Overseas Workers Welfare Administration operates welfare centers in areas with Filipino workers abroad, covers the cost of emergency repatriation, and provides various services to families left behind. These governmental activities are financed by fees collected from migrants: a P100 clearance fee from the National Bureau of Investigation and a P3,000 processing fee charged by the POEA. In addition, migrants pay the recruiters who get them overseas jobs—officially not more than one month's wages abroad.[38]

The major government mechanism that aims to protect female migrants abroad is joint liability--Filipino recruiters are jointly liable with foreign employers for the provisions of the contracts that the POEA reviews for each worker. Since it may be difficult for the migrant to recoup funds from the foreign employer, a migrant whose contract is violated can seek compensation from the Filipino recruiter who provided her with a contract. However, this provision is not always effective, especially for domestic helpers, whose working conditions vary enormously. The labor laws of many destination countries do not cover domestic helpers, and few countries have effective mechanisms that allow maids to report abuses and punish employers convicted of abusing foreign maids.

The 1995 Magna Carta for Migrant Workers Act says overseas labor deployment will not be "an official development strategy" of the Filipino government. Labor Secretary Patricia Tomas says: "overseas employment is a choice made by individuals. We don't push them. But once they leave for overseas, the government is duty bound to assure that their contracts have ample provisions for their protection."

6. The challenge: Sustainable migration management

International labor migration is a response to differences that encourage individuals to cross national borders to take advantage of higher incomes and jobs. Individuals have ever more incentives to cross national borders for economic betterment, sending countries have begun to recognize the advantages of remittances and Diaspora-led development, and receiving countries have often developed layered policies, welcoming some highly skilled migrants while erecting higher barriers to unskilled migrants who want to settle.

Voluntary migration increases incomes for migrants and, by lowering wages and prices in receiving countries, provides an extra increment to GDP. Thus, more migration would generate larger GDPs in receiving countries and would result in a larger global GDP. Economists Hamilton and Whalley (1984), for example, divided the world into seven regions, assumed full employment in each region, and asked what would happen if workers migrated from lower to higher wage countries. Their projected result: world GDP would more than double.[39]

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[37] Filipino migrants have protested the charges levied by Philippine consulates for passports and employment contract authentication.

[38] There are active campaigns to stop illegal recruitment, and to avoid recruitment overcharges, but there are almost daily press reports of migrants paying fees for non-existent overseas jobs or paying one month's wages for contracts and then having to wait 4, 6, or 10 months before going abroad.

[39] Critics of such estimates attack the assumptions of e.g. full employment and emphasize that the volume of migration would be huge, and the required economic adjustments to such a migrant influx would be so large, that there could be social and political unrest that resulted in a lower, not a higher GDP.

However, most governments and organizations want to reduce the differences that prompt migration by accelerating growth in sending countries, not reducing wages in receiving countries. Thus, most national governments, international organizations and NGOs attack the “root causes” of migration, but their efforts over the past 50 years have demonstrated that reducing the inequalities that promote migration is a complex task that will not be completed quickly. There is an enormous effort to better understand and implement trade, investment, and other policies to accelerate development and reduce global inequality, but “migration is the most under-researched of the global flows.” (World Bank, 2002, 82).

In an ideal world with few economic differences between countries, there would be few barriers to migration and little unwanted migration. Most industrial countries permit nationals of other developed countries to travel without visas, and a major issue within regional blocks such as the EU is how to **increase** mobility. If developing countries are arrayed along an emigration pressure spectrum, they range from countries that are mostly sources of migrants, such as the Philippines and Mexico, to countries that both send and receive migrants, such as Poland and Morocco, to countries that are mostly destinations for migrants, such as Costa Rica. Each type of developing country has different migration interests: the mostly sending countries want to protect their nationals abroad and maximize remittances, the senders and receivers have interests in protection and remittances as well as in control and integration, and the mostly receivers have interests similar to industrial countries, viz, control and integration.

i) Top-down vs bottom-up

How can the needs and interests of industrial countries and those of sending countries be reconciled? The most common prescription is for a new organization to develop a “new international regime for the orderly movements of people” (Ghosh, 2000, 6).[40] Many prescriptions for a World Migration Organization are based on the hope that, once the world's nations create a WMO, it will take the lead in establishing rules and imposing norms that would open more migration channels; it is often asserted that the result would be less irregular migration. However, it is doubtful that many national governments would give up the authority to determine who enters and stays inside the their borders to regional or global organizations.[41]

Instead of a global conference, the UN launched an Global Commission on Migration in 2004 to establish a framework to promote more orderly or legal migration. The Commission may be able to help developing countries to think through the hard choices they face in developing the economic policies needed to promote stay-at-home development, and to get more developed countries to consider the hard choices they face between making major changes to social security systems created in very different demographic eras. The Commission may have its major impacts on policies aimed at reducing migration pressures indirectly, as with recommendations to increase the volume and investment impacts of remittances from the migration that is occurring.

The key difference between international regimes that aim to spur development, promote freer trade and investment flows, and deal with migration is that there is no migration theory that offers unambiguous prescriptions for the optimal level of migration. Without a theory

40 Ghosh calls for “regulated openness” with participating countries sharing “common objectives,” a “harmonized normative framework,” and a “monitoring mechanism.” Ghosh, 2000, 227).

41 In March 1999, the UN sent letters to its permanent members asking whether they favor convening a global conference on migration that was expected to call for more legal migration, under the theory that migration is a plus-plus exchange like trade. Of the 78 governments that responded, 47 expressed support for a global conference, 26 expressed reservations, and 5 had mixed views (UN, 2002, 36).

analogous to comparative advantage, which underlies free trade, there is no conceptual basis for an international organization to develop and enforce open migration systems in the way that comparative advantage justifies free trade. Furthermore, most migration flows reflect particular circumstances and histories, so that it may be possible for bilateral agreements promoting sustainable migration to expand to regional agreements that eventually serve as a template for a global migration regime.

Bottom up migration management systems often begin with a specific incident, such as Mexico's strong reaction against the approval of Proposition 187 in California in 1994 that led to a regional migration process. The bilateral Mexico-US consultations launched in the mid-1990s became regular meetings on migration issues that expanded into the Regional Migration Conference in 1996 (http://www.rcmvs.org/), which had its first meeting in Puebla, Mexico.[42] The Puebla process includes five major subjects for the participating countries: educating each other on national migration policies; examining the link between migration and development; coordinating efforts to combat migrant trafficking; fostering international cooperation to manage extra-regional migrants; and protecting the human rights of migrants. The concrete outcomes of the annual consultations included paving the way for the US to legalize the status of many Central Americans who fled to the US during civil wars in the 1980s, granting Temporary Protected Status to Central Americans in the US when Hurricane Mitch destroyed housing and jobs in 1998 and El Salvador had severe earthquakes in 2001, and encouraging cooperation to improve border safety at the Mexico-US and Mexico-Guatemala borders.

ii) Challenges and opportunities

Most of the world's labor force and most of its growth is in lower-wage developing countries. The world's industrial countries, with 12 per cent of the world's workers and 60 per cent of the world's migrants, have labor forces that will shrink without immigration. The movement of migrants from south to north seems like a natural fit, but the question is whether south-north migration will speed or slow the convergence and end to migration as desired by governments in the south and north.

Migration is generally a force for individual and global betterment. Individuals moving to take advantage of higher wages and more opportunities generally benefit themselves, their host countries and often the countries they left. There is no scientifically calculable optimal rate of migration, which is why social dialogue that honestly evaluates the trade offs inherent in migration while protecting migrants is the best way to manage one of the 21st century's greatest challenges.

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42 Countries participating in the Puebla process include Canada, the US, Mexico and Central American countries plus the Dominican Republic.

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