

International Migration: What gains for developing- country workers?

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**Fair Labour Migration – From
Vision to Reality**

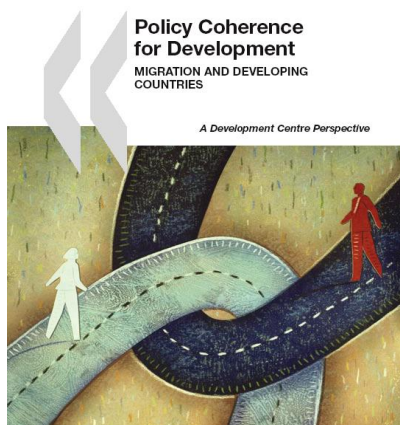
TUAC-OECD seminar

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Migration and development

2 publications from the OECD Development Centre in 2007

Gaining from Migration



Migration and Developing Countries



2007

The usual focus:

Migration and economic efficiency

- Does international migration raise world output (relative to zero or lower flows)?
- Could a different mobility system do even better?

What about equity? Fairness? How are gains distributed?

Do migrants themselves gain or lose?

- Tongan migrants working in New Zealand: income rises 263 % within first year (half of GDP per capita difference)
- Migrants gain, generally – though of course they could gain *more*:
 - Risks of irregular mobility
 - Uneven enforcement of rights
- Trafficking: migrants lose

Do workers in host countries gain or lose?

1. increased labour supply could reduce wages or increase unemployment
2. increased purchasing power of migrants raises aggregate demand
3. wage and unemployment effects might be small if migrants and the native-born do not compete (“complementarity”)

BUT: increased vulnerability, variation across labour markets

Do workers in developing countries gain or lose?

Six mechanisms:

1. Emigration, wages and unemployment
2. The brain drain and labour markets
3. Economic adjustment and employment
4. Labour-market effects of remittances
5. Diaspora networks and labour markets
6. Return migration and employment

1. Emigration, wages and unemployment

- Emigration should in principle
 - Raise wages
 - Reduce unemployment or underemployment
- Evidence supports both effects in different labour markets
- Both good for workers who remain behind, particularly low-skilled workers

2. The brain drain and labour markets

- Deterioration of service delivery (health care, education) and innovation (engineers)
 - Clear consequences for workers' well-being, though not via labour markets or employment
- Employment dimensions:
 - Labour market issues for those who leave (the critical sector OR the country, or both)
 - “Keystone worker” effect

3. Economic adjustment and employment

- How do employers and other actors in the economy respond to emigration over time?
 - Reduced labour availability
 - Internal migration
 - Higher wages
 - Technical change (e.g. mechanisation of agriculture)
 - Evolution of informal sector

4. Labour-market effects of remittances

- Remittances are huge, dwarfing FDI and ODA in the aggregate
- But positive employment effects likely small:
 - Multiplier effects of spending
 - Community development initiatives
- Some households reduce their labour supply

5. Diaspora networks and labour markets

- Promoting migration itself
- Trade and investment impacts
- Mechanisms for facilitating skills circulation?
- Co-development initiatives

6. Return migration and employment

- Firm start ups
 - Family members only?
- Skills acquisition
 - Or skills deterioration?
- Return of retirees
 - Or labour market competition?

Concluding comments

- Employment impacts – one channel among many
- Biggest benefit to workers likely through wage and unemployment effects
- Other mechanisms have less obvious impacts, possibly small or even negative
- Sending countries' development policies matter a great deal

**For more info:
www.oecd.org/dev/migration**

Merci de votre attention !
Thank you for your attention!