

Editorial

**Temporary Labour Migration:
An Illusory Promise?**

Temporary labour migration is back in the headlines again. It had fallen into discredit after the experience of the “guest-worker” era, when many of the guest workers who were present at the time of the first oil price shock remained in the host countries where they had found work. Recently, much of the debate on temporary labour migration has focused on so-called “circular migration”, which also incorporates the notion of repeated movements.

Why temporary migration is back in the limelight

There are essentially three reasons for the resurgent interest in temporary migration. The first relates to the fact that returns of highly qualified migrants are seen as a possible response to concerns about brain drain. For example, in India and Chinese Taipei, the return of highly skilled migrants has had beneficial effects on the development of the native software and high-technology sectors. As a result, some have argued that this model of return migration could be applied more broadly, enabling origin countries to reap some benefits from the temporary loss of talented expatriates.

The second reason is related to the discovery of the large remittances transferred by immigrants, both high- and lesser-skilled, back to their origin countries. These remittances greatly improve the welfare of persons left behind and tend to be more common for recent or short-term immigrants than for those long-established in host countries. Temporary migration tends to spread the benefits of remittances and of skill transfers among more persons.

The third concerns the fact that lesser skilled migration continues to suffer from a bad image in many host countries, with less favourable labour market outcomes for immigrants with low education and, often, for their children as well. As a consequence, there is a general reluctance to acknowledge that there are labour market needs for low-skilled migrants and a belief that any needs which do exist should be dealt with by means of temporary flows.

But how often do immigrants return to their countries of origin after a stay in a host country? Can migration policy encourage returns to host countries? Is temporary/circular labour migration a workable solution? This publication provides some answers to these questions.

Returns are non-negligible but they are not driven by policy

Depending on the country of destination and the time period considered, 20% to 50% of long-term immigrants leave the host country within five years after their arrival, either to return home or to move on to a third country (secondary emigration). There are also noticeable return flows around the age of retirement. Returns are generally spontaneous, taken at the initiative of the immigrant. They suggest that even longer term migration is more dynamic than is generally believed. The above rates of return apply even to countries such as Canada, the United States and New Zealand, which grant the right of permanent residence upon entry to long-term immigrants and where access to citizenship is relatively

easy. The more stable status granted to immigrants in these countries does not seem to result in more back-and-forth movements, except in some special cases.

Most returns are driven by individual determinants. Explicit policies by both host and home countries to encourage or attract returns have achieved little to date. Programmes for assisting voluntary return by host countries have had only a limited impact on returns. If the political, economic and social situation in the home country is stable and attractive, a certain number of returns occur spontaneously; otherwise, assistance and financial aid by the host country are rarely sufficient to convince many migrants to return. In any event, there is little incentive for long-stay immigrants to depart, especially if they have brought in their families and their children have been born and educated in the host country.

Similarly, efforts made by some origin countries to attract back their nationals residing abroad have had a limited impact. The empirical evidence suggests that returns tend to occur to origin countries when economic conditions are attractive and new opportunities exist. The returning emigrants to Ireland during the Celtic tiger era are a good illustration of this. When the returns do occur, the human and financial resources contributed by migrants can give a dynamic boost to growth already underway, especially if governments allow these resources to be put to effective use. But the basic growth fundamentals have to be already in place.

Can temporary labour migration play an important role in the future?

In 2006, there were about 2.5 million entries of temporary labour migrants in OECD countries, about three times the number of entries of permanent labour migrants. These are migrants whose return is part of the conditions of entry into the host country. But many consist of intra-corporate transferees, working-holiday makers and free-circulation migrants, whose return (or not) poses little problem.

But some temporary labour migration programmes also exist for low-skilled persons from non-OECD countries. These are managed in the context of bilateral labour agreements. They offer examples of successful planned returns and are generally characterised by the involvement of all of the various stakeholders, including employers, employment agency staff and migration officials. They also concern jobs which are by their very nature temporary and have a finite duration, such as seasonal jobs.

What about permanent labour needs? Therein lies the crux of the problem. At least some of the current and future labour needs in OECD countries concern low-skilled jobs and many of the needs are likely to be long-term in nature. In many OECD countries currently, the same occupations are listed as shortage ones, for example, construction trades, hospitality, household work, cleaning work and personal care. The need for workers in these occupations is on-going. Indeed, the fact that there are few possibilities for legal entry for persons in these occupations may be one reason why many of the jobs are held by irregular immigrants in many countries.

Could temporary migration programmes satisfy labour needs in the occupations cited above? For this to work, one would need to cycle in and out repeated cohorts of temporary migrants to occupy the same jobs. From the employer perspective, this could be very costly, since it means an inability to retain experienced workers and the need to invest in repeated training of new arrivals. Governments could attempt to impose a temporary labour regime on employers, with strong enforcement mechanisms, but only at considerable economic

and political cost. Historically, economic rationality has generally won out over artificial or badly-designed regulations.

Temporary labour migration is at best a partial solution

The expectation of temporary stay by labour immigrants does not appear to be a foundation on which one can construct a solid migration policy. Some labour needs, both high and lesser skilled, are of a permanent nature and need to be addressed by long-term migration. The contribution of immigrants to satisfying these needs has been critical in the past and may well become so again. Better to put in place the policies that can help avoid the integration problems of the past than to pretend that temporary migration can be made to work in all cases.

Likewise, some returns of high-skilled migrants to their countries of origin do occur and will undoubtedly continue to do so. But it is illusory to expect that migrants will return just because they are able to do so without jeopardising their status in the host country. Little from recent migration experience suggests that this is a major phenomenon, especially when the entire family is involved and when economic conditions in the origin country remain difficult. The presence of a favourable economic and institutional climate in the country of origin remains a necessary requirement.

In sum, temporary labour migration may have a limited role to play in certain sectors and occupations to complement existing “spontaneous” returns and it is doing so already. But it is unrealistic to expect this to become the cornerstone of any future labour migration policy.

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