Comments by Louka T. Katseli on “The Migration of Highly Skilled Asian Workers in OECD Member Countries and Its Effects on Economic Development in East Asia” by Yongyuth Chalamwong, Thailand Development Research Institute Foundation

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In this paper, Prof. Chalamwong provides us with a selective review of the literature on the migration of highly skilled workers from East Asia, cites some of the evidence on remittances and the brain drain debate, reports on the policies undertaken by selected OECD countries (primarily Australia, Japan and the United States) and provides some insights on the policy options that East Asian countries could adopt in order to maximise the brain gains from their diasporas.

Let me start by noting that the impact effects of migration and of OECD migration policies on sending countries are under-researched. As a result of a number of factors, namely lack of systematic data gathering in many countries, reluctance to report data when these do exist, poor quality of available data or inadequate harmonisation in data collection standards in both receiving and sending countries, there exist severe limitations on what researchers can do. There is therefore an urgent need for statistical capacity building. To these data problems are added methodological limitations: the existing cross-country econometric analyses need to be complemented therefore by analyses of country-case experiences.

Given these limitations what do we learn from the paper?

a) Strong migration pressures among the highly skilled in East Asia have been important and are likely to continue unabated.

Comment: We would like to learn more about recent changes in migration patterns and their characteristics in order to verify whether the migration of the highly skilled within East Asia has complemented sequential regional market integration that took place within the region based on trade-investment interlinkages.

b) Asian-born migrants, at least in US, have enjoyed a higher level of education than either the native or the other foreign-born population groups: 49% of Asian migrants in the US have at least a BA as compared with 27% of the native population and only 11% of Latin Americans.

Comment: This conclusion highlights the interlinkages between domestic education policies and migration. The causality between the two is not apparent, but would be important to investigate. Is it the case that the educated migrate because of domestic unemployment, an existing wage gap or better work prospects abroad or is it the case that having first decided that they want to avail themselves of the employment opportunities abroad, people get educated and acquire specific skills, for example in ICT or nursing. Is there any available evidence on this? “Exporting skilled people” might in fact have become an integral component of India’s development strategies and might explain the support for private financing of education. In that light, the correct definition and measurement of “high skills” as well as the comparability of educational qualifications should be discussed.

c) In the East Asian context, China, Philippines, Indonesia are identified as migrant sending countries while Japan, Korea and Chinese Taipei are receiving countries. Malaysia and Thailand have made the transition from net emigration to net immigration.

Comment: It appears that growth and sequential industrial specialisation have had an impact on migration patterns. Growth seems to have curbed the export of unskilled labour and has induced a
transition into imports of more skilled labour. Highly skilled migrants in the East Asian region are, according to the author, corporate transferees frequently being shifted within multinational companies. Thus, migration of skilled workers appears to go hand in hand with FDI in more advanced productive sectors and acts as a complement rather than a substitute to trade. Investigation of this relationship would provide important inputs to the policy coherence debate.

d) Japan’s migration policies have been consistent with its strategic view on industrial policy and regional integration. The Japanese Government has encouraged firms to relocate their labour-intensive operations outside Japan; at the same time the Government has encouraged employers faced with excess labour to shed foreign workers before laying-off native workers and has imposed very strict sanctions on the employment of illegal workers.

Comment: If illegal migration is rising in OECD countries and if OECD countries, including Japan, need to impose heavy sanctions on the hiring of illegals (who are probably unskilled workers from neighbouring countries) the question naturally arises as to whether the management of legal labour flows has been effective and whether migration policies have been coherent with ODA.

- Why does Japan not integrate migration policies with its trade, investment and development assistance policies?
- Why not encourage temporary migration flows and even repetitive circular migration from neighbouring countries into Japan within the framework of a coherent strategy for development? Shouldn’t Japan’s trade, investment, ODA and migration policies become firmly embedded in a coherent policy of regional development and integration?
- Why not shift the focus of migration policies from servicing domestic needs to underpinning regional development?
- Why not reform Japanese universities in such a way as to increase enrolments of non-Japanese students from East Asia and facilitate the generation of technological capabilities among them?
- From the point of view of development outcomes in the region, are the Indian and Philippino government policies favouring overseas employment, coherent with Japan’s policy of limiting immigration?

e) On the brain drain/brain gain debate, Prof. Chalamwong adopts a pessimistic stance. He underlines the negative effects on development resulting from the loss of highly skilled workers, the lost outlays in educational investment as well as the foregone tax receipts.

Comment: In evaluating the benefits and costs of migration patterns, one should take into account the opportunity costs as well as the dynamic outcomes of migration.

- Would the results have been better if Filipino women, for example, had stayed in the Philippines and had not acquired the skills that enabled them to emigrate?
- Are the dynamic effects really unimportant, especially when migrants finance, through their remittances, the education of their offspring in the home country? These issues require further evaluation.

f) A final comment: OECD countries have only recently started discussing the positive effects of remittances on financing development, their complementarity to ODA and their role in PRSP strategies. It would be interesting to evaluate, in the East Asian context, the presence or lack of coherence between ODA and migration policies. Are OECD countries that provide assistance for investment in education or health services in these countries at the same time continue to deplete the existing stock of human capital through their migration policies? More systematic work needs to be done to measure the scale of the problem. In summary, it is likely to be the case that the migration policies of OECD countries are less well integrated with other important policy vectors (including education) and are driven largely by short-sighted domestic concerns rather than dynamic development considerations.