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Module 3

Migration and Development

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MIGRATION AND DEVELOPMENT*

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INTRODUCTION

The processes of migration and development are interdependent and inextricably linked. They either jointly or independently are playing decisive roles in the progress of human civilization. The migratory nature of human race and the tendency to form and remain in groups have been guided by the need to ensure human security and development. The processes have influenced evolution of States, societies and economies.

This presentation aims to explore the nexus between migration and development further. Specifically the session aims to explore:

- Impacts of migration in the socio-economic development.
- The contribution of migration to sustainable development and poverty reduction
- The need for closer integration between migration policies and development policies

Furthermore, the presentation is based on a few assumptions that include the following:

- Migration is an essential, inevitable and a complex historical and socio-economic phenomenon.

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- While orderly and humane migration can benefit all migrants, and countries of origin and destination, irregular migration is a development retarding process.
- Governments can and must manage migration through national policy and international co-operation.

MIGRATION TODAY

According to the United Nations in 2005 there were 191 million international migrants. In 1965, the figure was 75 million, 84 million in 1975 and 105 million in 1985. Between 1965 to 1990, the number of international migrants increased by 45 million i.e. at an annual growth rate of 1.9%.

In today's globalized world, migration trends continue to change and evolve. Southeast Asia is one such area that includes countries of origin and destination and large migration flows within and beyond the region, resulting in a diverse and dynamic migration scenario. Brunei, Singapore, Malaysia and Thailand draw migrants mostly from within the region including South Asia, while the major countries of origin are the Philippines and Indonesia. Migration flows in the region remains significant constituting 58% of the migrant worker population of Asia in 1995-96. In 2002 Southeast Asia's migrant stock was 0.8 percent of the population. Migration in Southeast Asia, will continue to evolve and it is surely to pose new challenges as well as potential benefits to the region, specifically in the context of development.

THE MIGRATION-DEVELOPMENT NEXUS

Migration and development are inseparable and interdependent processes in a globalized world. Though migration can not be the substitute for development, it is increasingly recognized that development cannot be envisaged without migration; each can profoundly influence the other. The migration-development nexus can be better described through two approaches:

- **Balanced growth approach:** As part of liberal economic theories, it suggests that by alleviating unemployment and providing economic supports through remittance and migrant skills, migration enhances development in the countries of origin and destination.
- **Systematic approach:** It does not recognize that migration, through remittances and return, accelerates development in the country of origin. It rather suggests that migration often distort the development process through "brain drain" and widening of income disparities within the origin countries.

However, lately, a general recognition has emerged identifying migration as an integral part of the economic development process both in origin and destination countries. Today, the international debate is shifting from the negative effects of

migration toward the realization of the potential of migration to contribute to sustainable development and poverty reduction and more recently to the larger concept of human security. Whether migration will have a positive or a negative impact on the society and economy, largely depends on the political and socio-economic conditions prevailing in the society and economy of migrant origin and destination countries. Similarly, as an integral component of the development process, migration can also be a useful tool for addressing disparities between developed and developing countries. A positive correlation between economic globalization and international migration, particularly in an environment of liberal economic system is increasingly recognized.

As human development discourses are evolving into a human security debate, migration linkages to human security must also be explored. Like migration, human security¹ is the outcome of complex socio-economic and political undertakings. Human security is as much an issue for migrants choosing to migrate as it is for those forced to migrate. But migration is primarily a process which enhances human security in multiple ways. Migration has economic, cultural, and social values which add to the ensuing well-being of people. The interfaces between migration and human security are somewhat ambiguous, less explored and understood. The causal relationship between migration and human security is not very clear. However, linkages could be identified primarily in three ways:

- Migration ensures human security by providing livelihood options including for the poorer sections of people. By enhancing other developmental impact, in countries of origin, strong diaspora linkages also enhances the non-economic aspect of human security. Migration holds potential for community development and can contribute to poverty reduction, if managed properly.
- international migration can adversely influence the development of migrant origin countries through loss of human resources and various challenges to human security encountered by migrants in the process of migration. The loss in human resources is often offset by the gains made through circulation of human resources.
- lack of human security is a root cause of migration, both regular and irregular but especially forced migration. Inadequate human security often compels people and acts as a “push-factor” in the migratory process.

Therefore, migration if managed could generate human security as well as wider development. At the same time, international migration, forced or voluntary, will continue to play a dominant role in the era of heightened concern for state-centric counter terrorism efforts, the absence of a global system or regime for security of mobile populations, forced migrants and irregular migrants in particular, will pose a great challenge for the international community. This challenge may further be compounded by the inadequate capacity of states to address the critical issue

¹ According to the 1994 Human Development report, human security is vulnerability which could be placed in seven categories such as economic, food, health, environmental, personal, community and political

and the absence of a global regime. In response to this, the Commission on Human Security has suggested multilateral approaches as essential for promoting orderly and predictable movement of people. The recognition of the need to establish a new migration regime in parallel to the economic regime is important if we are to facilitate the process of migration as a “developmental force” and a force for softening the impact of adverse consequences of globalization and minimizing the impact of sources of human insecurity.

MIGRATION IMPACTS (ORIGIN AND DESTINATION):

Migration impacts both countries of origin and destination. For countries of origin, migration could be linked to development in light of the following impacts:

- The possibility of remittances
- Possibility of poverty alleviation
- Reduced vulnerability of families
- Greater empowerment of women
- Impacts on social institutions
- Loss of skills and educational members (“brain drain”)
- Financial, social and human capital impact of return migration
- Greater potential for small business development and entrepreneurship
- Increased foreign direct investment (FDI)

For countries of destination, the interaction between migration and development could:

- Enhance economic development
- Increase efficiency in the use of resources
- Increase the supply of entrepreneurship and small business
- Accelerate the growth of per capita income
- Increase saving, investment and human capital formulation
- Increase creativity and diversity
- Accelerate the pace of innovation

To better assess the impacts of migration on the development process, some major areas are discussed below:

Migration and Poverty: Poverty is a complex and multifaceted concepts with consensus yet to be received on aspects of definition, magnitude, impact etc. With the number of people living with less than one dollar a day in the world, being estimated at 1 billion², poverty is one of the major, if not the most important development issues. Migration and Poverty are deeply interlinked. Migration can be a result of poverty or could lead to further poverty, however, it is fast emerging that migration could most importantly be a way out of poverty most directly

² Millennium Development Goal Report 2005, United Nations, New York, 2005

through remittances. Remittance is the most direct impact of migration on poverty. One study in South Asia suggests that a 10 percent increase in total remittances (official and unofficial) could result in a 0.9 per cent decline in the level of poverty in South Asia. Migration could also impacts on poverty reduction through the contribution of diaspora communities and return migration. Migration reduces the uncertainty of a family income, provides investment funds and enhances livelihoods opportunities. Though Migration can not radically improve the poverty situation, poverty would be worse if migration opportunity do not exist.

International migration as an integral component of the development process and potential impacts on poverty alleviation, can also be a useful tool to bring convergence in disparities between developed and developing countries.

Inflow and Use of Migrant Remittances: Gross remittance figures continue to increase and an increasing portion flowing to developing countries. In 2003, gross flows to developing countries amounted to US\$ 142 billion compared to 1980 figures of US\$18.4 billion. According the latest figures from the World Bank, global remittance for 2005 was US\$ 232 billion, of which US\$ 167 billion was to developing countries – a more than nine fold increase over the past 25 years.

Though the flow of remittances has increased significantly, there are two extreme views on the beneficial impacts of remittances on the origin countries.

- **Developmentalist perspective:** It argues that remittances have the potential to set in motion a development process in the originating countries. It can help removing production and investment constraints and can raise income level. Remittances have also positive impacts on the balance of payments of countries of origin as they help to narrow the trade gap, control external debt, facilitate debt servicing and produce much needed foreign exchange.
- **Migrant syndrome perspective:** It argues that migration drains countries of origin of their labor, skill and capital by crowding out local production of tradable goods. It further suggests that remittances are not put to productive use but mostly wasted for unproductive purposes such as housing, land purchase, transport etc. Moreover, remittances can cause inflation as they create a demand without concomitant production capacity.

There is, however, a general recognition among the experts and policy makers that remittances have far greater positive impact on the countries of origin in today's globalized world. Moreover, remittance brings substantial multiplier effect for the origin countries. Studies suggest that each dollar producing additional dollars in economic growth. However, the beneficial impacts of remittances are

not automatic. Remittances can only promote development if an enabling economic environment for use of remittances, institutional arrangements for money transfer and availability of investment and business opportunities in the origin countries exist. It has further been revealed that migrants, especially the permanent emigrants, sometimes use their earning to finance social and economic development projects in their home country. The remittances are also counter-cyclic; this has been highlighted with increased flows of remittances during the Asian Financial Crisis. Finally, remittances being private funds can directly impact on migrants and communities.

Labor Market Needs and Employment Opportunities: According to the neo-classical theory, migration brings positive impacts on labor surplus developing origin countries by providing job opportunities abroad. In fact, the most important impact of out-migration is on the employment sector; for example, migration from Philippines to the Middle East and Indonesia to Malaysia. However, there is a downside of migration as well. If not planned properly, out-migration can itself produce labor shortage especially of skilled people in certain sectors of the origin economy and can create inter-state tensions and conflicts. These impact are not only restricted to countries of origin, destination countries can also benefit from the impact of migration in their labor market. According the World Economic Prospect 2006, a model based simulation indicated that a rise in migration from developing countries, sufficient to raise the labor force of high-income countries by 3 per cent, could boost incomes of natives in high-income countries of destination by 0.4 percent.

Diasporas as Development Agents: Migrant communities are emerging as “diasporas” abroad playing a significant role in their host as well as home countries. In the modern sense, “diasporas” are ethnic minority groups of migrant origin residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin their homelands. The diasporas can influence economic and political process in the host countries in favor of their home countries.

Return of Migrants: Return migration is another important dimension in the migration-development nexus. It may be defined as the process whereby people return to their countries or place of origin after staying a significant period in another country or region. The voluntary return of migrants with financial, social and human capitals can benefit the countries of origin in various ways. The contribution of return migration on the development process depends on the aptitude and degree of preparation of the returning migrants, and the existing socio-economic and institutional conditions in the country of origin. They can act as agents of change economically, technologically and socially. Both diaspora and return migrants could contribute to development through gains in financial, social and human capital for the origin countries:

- **Financial capital:** Apart from sending remittances, migrants also save some money while abroad, which they bring with them upon return. Diasporas are also key development partners in this regards and are known to encourage significant amounts of foreign direct investment. However, it is widely recognized that financial capital can have multiplier effect on the development process.
- **Human capital:** It is defined as the knowledge, skills, competencies and attributes combined in individuals that facilitate the creation of personal, social and economic well-being. The migrants while living and working abroad gain considerable work experiences and skills. These new skills and ideas can have positive impact upon their return in the home country and through the development of knowledge communities among diasporas. The return migrants can initiate progressive change in the economies and societies, provided there is a conducive environment.
- **Social capital:** It resides in social relationships rather than in individuals. It can be defined as the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition. Migrants can tap into the social capitals benefiting both sending and receiving country. The return of migrants therefore has a greater likelihood of positively influencing the development process in the home country. The concept of social capital is also key to pro-diaspora policies as it raises questions about the role of social ties in the integration process of the immigrant in the host countries and in maintaining of links with the country of origin. This could be in the form of facilitation of trade, reduction in transaction cost etc.

Women Migration and Empowerment: “Feminization” of migration is the most noteworthy trends in recent migration trends. Today women account for about half of the migrant population. For several countries of origin, such as Philippines and Sri Lanka, they already constitute the majority. Now, women are migrating as independent workers and their roles now extend well beyond that of the spouse joining the husband in the destination countries. It is now recognized that international migration is positively associated with the status of women. The opportunities for women to go abroad for employment enhance their empowerment. The empowerment draws from changes of role of women in areas such as household decision making, division of labor, gender roles and community perception. This empowerment transcends the issue of “success” or “failure” of migration as measured by the economic and social indicators. Migration also can extend women’s decision making power to spheres that were traditionally in men’s domain such as the decisions involving in housing investment and the disciplining of children as revealed in the study. The changes in the family and social norms brought about by the female migrants are significant and potentially beneficial for the society.

Changes in Social Institutions: Migrants can reinforce the structures, ideologies and support networks for development works. They also influence positively institutions such as family, school, social norms and traditions, and religious organizations by bringing in new progressive ideas into the development of social institutions. Migrants also invest in strengthening these local institutions.

NEW POLICY DIRECTION

The paradigm shift in focus with respect to the link between migration and development has to be translated into appropriate strategies for migration management. Migration management is an overarching term referring to the range of measures needed to effectively address migration issues at national, regional and global levels. It encompasses policy, legislation and administration of migration issues and contributes to good governance.

It is also important to integrate migration management approaches more explicitly and coherently within a broader context of economic and social development framework. Migration management should be given an important place in any strategy aimed at achieving international development framework, including the Millennium Development Goals (MDGs).

In recognition and appreciation of the contribution of migration to sustainable development and poverty reduction, effective migration policies of destination countries need to be developed to support orderly, managed migration rather than implicitly or explicitly restrict migration. It is desirable that countries of origin and destination approach labor mobility in a more comprehensive manner and treat it as a resource for development that can narrow existing inequalities between and among states.

At the same time, there is increasingly a need for policy coherence in terms of migration and development. Policy coherence is essential to maximizing the positive impact of migration on development as well as to minimize negative effects. Promoting greater consistency between migration policies and development policies through increased awareness of the priorities of each sector and cooperation will help to develop mutually beneficial policies and programmes. This coherence could be in three levels: between policies of countries of origin and destination; among policy sectors within governments; and involving coordination with relevant international actors.

CONCLUSIONS

Though it is obvious that migration could lead to development and human security, it should be remembered the ultimate migration and development linkage is dependent on comprehensive and integrated migration management. Management of migration depends on good governance and realization of

accountability, equality, participation, and empowerment in the migration process. Furthermore, migration and development, by definition are inter-state phenomena. It is, beyond the capacity and reach of an individual country to effectively manage the processes independently. While orderly migration can help forge economic, social and cultural bonds between peoples and countries, irregular and non-regulated migration can cause harm to those relations.

Inter-governmental cooperation are vital to fully appreciate and develop positive effects of migration and reduce potentials of creating tensions between and among countries. The programs and activities in the labor migration process initiated by countries of origin can not be successful without corresponding and reciprocal support from the receiving countries. Therefore, cooperation among all parties is the logical way to cope with the migration challenges. Increasingly, Governments are showing interests to negotiate strategies which would support sustainable development of countries of origin and the labor needs of receiving country while giving due regard to the rights of migrants. Success of the a comprehensive strategy to manage migration would depend largely on balancing the differing perspectives, concerns and interests of the developing and developed countries. Mutual benefits can result from cooperation, if it is based on areas of common ground, common interests and common concerns.