

# International Labor Migration and Its Effect on Poverty Reduction: Critical Review on the Current Literature



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# **International Labor Migration and Its Effect on Poverty Reduction: Critical Review on the Current Literature**

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**January 2006**

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## Summary

Recently, there is a growing interest among the international community, with much expectation and optimism, in mobilizing the remittances the migrant workers make for the sake of development and poverty reduction in Less Developed Countries (LDCs). In fact, the amount of remittances earned by international labor migration from More Developed Countries (MDCs) to LDCs has rapidly grown from US\$ 30.4 billion in 1990 to at least US\$ 93 billion in 2003. This is the amount double of the total amount of the Official Development Assistance (ODA) of the member countries of Organization for Economic Cooperation and Development (OECD). It is also the second largest flow from MDCs to LDCs after Foreign Direct Investment (FDI).

However, the relationship among international labor migration, remittances, development and poverty reduction of the labor exporting countries is highly complex, often indirect and contextual. Further research on both conceptual framework and country specific cases should be conducted to reveal the link because there is still a wide gap between this expectation and empirical evidences in which the former is much ahead of the latter. In particular, both quantitative and qualitative studies, with improvements for better quality of statistical data and local views reflected from interview, should be integrated to capture the complicated issues of migration impacts on the local migration sending community, such non-economic costs and impacts as collapse and disintegration of traditional social ties, widened inequality between families of migrants and non-migrants, and spread of extravagant lifestyle.

In addition, remittances should not replace ODA to LDCs because evidences show that remittances do not automatically contribute to development and poverty reduction of the countries where the remittances are flowing in. The Thailand case study in this report questions the assumption of causality between remittances and development, in particular poverty reduction, because remittances are compensatory in nature, mostly spent on luxurious goods, not on investment and for productivity improvement, thus multiplying effect is smaller than conventionally expected.

Therefore, without improvement and rational measurements, a simplified ranking system such as Commitment to Development Index (CDI) migration component could be deceptive because evidences suggest that the volume of international labor migration in a MDC does not mean the country's level of commitment to development in LDCs.

## Summary (Japanese)

近年、国際社会では、途上国の開発や貧困削減に関連して、国際人口移動、特に非熟練出稼ぎ労働者が行う本国への送金に対する期待感が急速に高まっている。実際、公式な統計による報告だけを見ても、先進国に出稼ぎに来た労働者が祖国である途上国へ送る海外送金は、1990年では304億米ドルであったのに対して、2003年には約3倍の930億米ドルに急増している。この額はOECD（経済協力開発機構）加盟国のODA（政府開発援助）合計額の約2倍に匹敵し、海外直接投資に次ぐ大きな途上国への資金の流れとなっている。無論、非正規労働者、いわゆる不法労働者や、地下銀行を通じた送金はこうした統計には含まれておらず、むしろ報告されていない送金が公式な額を上回っているとの指摘もあり、現実はこの何倍もの資金が途上国へ流入していると考えられる。

しかし、途上国の開発や貧困削減において外国送金が果たす役割への期待感は、必ずしも実証データや確固とした理論に裏付けされていないのが現状である。つまり、国際人口移動と出稼ぎ労働者の外国送金、及び途上国の開発・貧困削減の三者の関係は非常に複雑で間接的であるため、たとえ相関関係が認められても、因果関係の同定・説明はまだ完全にされているとは言えない。今後、交絡因子の検討を含め、概念構築と国別のケーススタディ、文脈上の解釈・分析などが不可欠である。同時に、国際人口移動の負の側面、すなわち、移動により発生する様々な社会的コスト、伝統的なコミュニティの崩壊、出稼ぎ労働者を構成員として持つ家族とそうでない家族の間の貧富の格差の増幅、浪費習慣などのライフスタイルの変化等、単純な数量化が困難な部分にも焦点を当てた学際的研究が求められている。

このような背景から、本研究では、国際人口移動の現状の把握、移民・援助・貿易政策における政策の一貫性の検証、外国送金期待論を取り巻く国際政治環境の考察、国際人口移動、外国送金、貧困削減の因果・相関関係を検証した先行研究のレビュー、今後の研究課題の同定、CDI（開発貢献度指標）特に移民指標部分の批判的検証および代替指標の提議、フィールド調査によって得た出稼ぎ経験者やその家族である当事者の視点の議論における反映、当該分野でのJICA・日本の貢献の可能性やかかわり方に関する考え方の提示、を主な目的とし、労働者の送金だけに固執せず、国際人口移動全体が開発に与える影響とその政治的背景を総合的に検証した。

第一章においては、出稼ぎ労働者の外国送金が開発分野に重要課題として出現した背景の分析を行い、続く第二章では現時点における国際人口移動の主なトレンドの分析、OECD諸国への移動労働者流入の現状と受入国の移民政策の変遷の把握などを目的とした鳥瞰的なレビューを行った。また、国を超えて移動する人口の増加傾向、熟練労働者と非熟練労働者を差別化する選択的移民政策、集計された統計データの有効性・妥当性等も検証した。第三章では、国際社会における外国送金と途上国開発を関連付けた議論の出発点とその後の展開をODAとの関連で政治的文脈で追い、理論的枠組みや実証データを再検証し、外国送金と貧困削減との因果関係を、社会コ

ストや頭脳流出など、移動の負の部分を含め多面的に論理考察した。第四章では、先進国が途上国の開発にどれだけ寄与しているかを表す CDI において、途上国からの出稼ぎ労働者の受入数を即開発貢献度と評価されていることに対して、指標の論理的根拠を批判的に検証した。その結果、外国送金と途上国の開発・貧困削減の因果関係を十分な実証データなしに仮定し構築された指標であることがわかった。第五章では、タイをケーススタディとして取りあげ、外国からの送金の使途に着目し、送金と途上国開発・貧困削減の因果関係を主張する議論の妥当性・有効性をフィールドワークの結果を元に分析した。その結果、外国送金の大部分が無計画に嗜好品や消費財などに費やされている点や、送金で得た金銭が生産性の向上に寄与していない事実など浮かびあがり、長期的・持続的な開発における波及効果は期待されているより小さく、外国送金自体は補完的な役割にとどまっていることが示唆された。最終章では、それまでの章で検証した国際人口移動と外国送金、及び途上国の開発や貧困削減の関係を巡る議論で、国際的に「同意されている点」「同意されていない点」という分類で議論をまとめた。また、当該分野での JICA 及び我が国の貢献の可能性やかかわり方に関する考え方の提示として、特に国際協力の現場におけるカウンターパートや現地スタッフの離職や海外への頭脳流出にも言及したが、頭脳流出がもたらす開発への影響は様々な状況的因子に左右され、必ずしもマイナスだけではないため多面的に捉える必要があるということを、前章における文献レビューなどから提言した。

最後に、本研究において特に重要な点として、第四章で取り上げた CDI の検証を挙げたい。このような簡略化された格付けは、単に誤解を与え混乱を招くだけでなく、前述した外国送金に対する期待感と関連して政治的行動を誘発する恐れがあり、たとえば、先進国のなかでの ODA 不要論・削減論として展開していく可能性があるため、今後注視すべきであろう。

## List of Acronyms

AOTS	Association of Overseas Technical Scholarship
APMRN	Asian Pacific Migration Research Network
BDS	Business Development Service
CDI	Commitment to Development Index
CGD	Center for Global Development
DAC	Development Assistant Committee
DFID	Department for International Development (UK)
FDI	Foreign Direct Investment
FP	Foreign Policy
GCIM	Global Commission on International Migration
GTZ	Germany Technical Cooperation
IDB	Inter-American Development Bank
ILO	International Labor Organization
IMF	International Monetary Fund
IDRC	International Development Research Centre
IOM	International Organization for Migration
JICA	Japan International Cooperation Agency
LAC	Latin America and the Caribbean Region
LDCs	Less Developed Countries
MIDA	Migration for Development in Africa
MDCs	More Developed Countries
MDGs	Millennium Development Goals
MIF	Multilateral Investment Fund
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
POEA	Philippines Overseas Employment Administration
SANSA	South African Network of Skills Abroad
SME	Small and Medium Enterprises
TDRI	Thailand Development Research Institute
TEVT	Technical Education and Vocational Training
TOEA	Thailand Overseas Employment Administration
UN	United Nations
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
USAID	United States Agency for International Development
WB	The World Bank



# Chapter 1 Introduction

## 1-1 Background

International labor migration, crossing borders for the purpose of looking for better employment opportunities, has been considered an important element in international development. In particular, since around International Conference on Financing for Development at Monterrey, Mexico, in March 2002, there has been a growing interest in utilizing as a source for financing development the remittances caused by international labor migration. This is due to the fact that the amount of remittances from More Developed Countries (MDCs) to Less Developed Countries (LDCs) has grown from US\$ 30.4 billion in 1990 to at least US\$ 93 billion in 2003. This is the amount double of the total Official Development Assistance (ODA) of the member countries of the Organization for Economic Cooperation and Development (OECD) and is the second largest flow from MDCs to LDCs after Foreign Direct Investment (FDI).<sup>1</sup> Not to mention, the figure is probably much underestimated because many of the flows are through informal channels rather than official or bank transfers. As Millennium Development Goals (MDGs) have become a global agenda, various parties in international development field, both public and private sectors, perceive migration remittances as a gold mine to be mobilized, not only for economic development in general terms, but also, specifically for poverty reduction in LDCs.

Such expectations and optimism prevailing in international community are enhanced by the studies conducted by experts, mostly development economists in and around the development agencies and research centers in the international organizations and the OECD member countries. In fact, many experts, as introduced in the following chapters, argue that international labor migration, through remittances, could contribute to economic development and thus alleviate poverty in LDCs.

In addition, assertions are well reflected in much cited indexes such as the Commitment to Development Index (CDI) in so-called “Ranking the Rich” report.<sup>2</sup> The report jointly prepared by *Foreign Policy* magazine and the Center for Global Development (CGD), ranks how well the “rich” countries are committed to help the “poor” countries, based on seven sub-components that measures various performances of MDCs in contributing to the development of the LDCs. Among the seven evaluation indicators there is international migration, which includes migrant labor, students, and refugees. Countries accepting higher volume of migrants from LDCs rank higher, based on the very idea that remittances could help the LDC economies and thus have positive effects on poverty. In short, according to the CDI, the more migrants an MDC accepts, the more the country is regarded to be

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<sup>1</sup> The World Bank International Technical Meeting on Measuring Migrant Remittances. Washington DC January 24-25, 2005.

<sup>2</sup> Commitment to Development Index (CDI), Center for Global Development, <http://www.cgdev.org/rankingtherich/home.html>

helping the LDCs.

Nevertheless, the volume of migrants in the MDC could not necessarily be translated into the degree of its commitment to the development of LDCs. One reason for this, among many, is that remittances are not often utilized efficiently inside the LDCs and therefore the trickling down or multiplying effects may be insignificant. This may be even true for those living below the poverty line. In addition, factors such as brain drain, legal and political framework, and transfer of skill and technology, have to be carefully considered in assessing whether international migration really contributes to development. Similarly, as poverty is defined in a more multidimensional manner, more comprehensive measurement on the impact of remittances will be needed, especially on that in Asia, where there is a lack of empirical studies.

## **1-2 Objectives of the Study**

In the midst of growing interests in the role of remittances in international community, this report aims at critically examining a wide range of current studies conducted on intricate issues around international labor migration, remittances, development and poverty reduction. Through revealing and summarizing what is known and what is not known in the previous studies, this report tries to provide concise and practical knowledge to assist JICA personnel to become familiarized with the latest studies and possibly be prepared for their future involvement in the issues around international labor migration.

The specific objectives of this report include:

- (1) Overview of current migratory trends and policies in selected OECD countries;
- (2) Assessment of policy coherence among migration, aid, and trade;
- (3) Presentation of political contexts surrounding the interests in remittances;
- (4) Review of previous studies on the relationship between international migration, remittance and poverty reduction;
- (5) Identification of the gaps in literature;
- (6) Critical review of the flaws in CDI's migration component and suggestion of the alternative ideas for improvement;
- (7) Report of the local voices and experiences in the case study of Thailand; and
- (8) In conclusion, identifying possible areas of Japanese future contribution, providing some ideas for the Japanese involvement, and offering rational ways of understanding to the problem of brain drain in the context of local staff and counterparts leaving JICA and the country respectively.

It is important to note here that this report, through reviewing CDI critically, also attempts to construct and propose alternative views regarding OECD countries' commitments to LDCs in the

context of international migration.<sup>3</sup> By attempting this, the author intends to come up with a greater implication for all Japanese parties relevant to Japan's involvement in international migration from developing countries, specifically in Asia.

### **1-3 Methodology, Definitions and Limitations**

This study is based on the literature review and field research in Thailand, which the author conducted in the period of October 2003 to March 2004 as well as December 2004. The literature review consists of accounts from reports, journal articles, newspapers, online pages and books, while the field research mostly comes from analysis of interviews with the people in the field such as academics, officers in international organizations, government officials, bankers, recruiters, returned migrants and their family. The review section mostly focuses on the latest rather than classic accounts because international migration is a rapidly changing phenomenon and many of the studies with new findings have emerged within the last few years. The details of the field research including the methodology will be described in Chapter 5.

This report will use the United Nations' (UN) definition of international migration, recommended in 1998 in Code 336 of UN Statistics Division (UNSD), unless otherwise mentioned. That is, an international migrant is "any person who changes his or her country of usual residence. A person's country of usual residence is that in which the person lives, that is to say, the country in which the person has a place to live where he or she normally spends the daily period of rest. Temporary travel abroad for purposes or recreation, holiday, business, medical treatment or religious pilgrimage does not entail a change in the country of usual residence."<sup>4</sup> However, as for the term "international labor migrant" there is no precise definition that has universal consensus. Therefore, in this study an international labor migrant is defined as anyone who fulfills the above conditions and also intends to cross the border for the purpose of labor and work in a country different from one's birth place. As in other literature, terms such as "cross-border movement" and "international population movement" are used interchangeably for "international migration," depending on the definitions of the original sources. Likewise, "international labor migrants" and "foreign workers," and "foreigners" and "foreign-born" mean the same, and so do "workers" and "laborers." Related to this, various issues in the definition of international migration and the problem of statistics will be discussed in more detail at 2.1.3 Data Reliability and Comparability.

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<sup>3</sup> Though critical to CDIs, it should be clearly stated here that this report does not intend to undermine the previous studies nor disagree with the argument that international labor migration could have a great potential for development. At the same time, this report does not take any position in neither encouraging nor discouraging international labor migration.

<sup>4</sup> United Nations (1998) (Para. 32)



For the term “poverty”, this study defines it “a condition in which people are deprived of their opportunities to develop capabilities required to lead a basic human life and are being excluded from society and the development processes.”<sup>5</sup> This is commonly used in Japan International Cooperation Agency (JICA), based on the Development Assistant Committee (DAC) Guidelines on Poverty Reduction, which incorporates the multidimensionality of poverty and has reasonably become the mainstream in development agencies in recent years.<sup>6</sup>

Lastly, it should be reiterated that it is beyond the capacity of this brief report to undertake a thorough and comprehensive review on the past whole literature. The focus of the academics has changed rapidly, especially in the last few years. Previously the focus of the research on workers’ remittances was placed on the analysis on the factors that cause the flow of funds, and the academics tried to find out how the workers decide the amount and frequency of the remittances they make, how long they would continue to remit and how they set the target threshold of the accumulated amount they remit. On the other hand, the latest literature tend to highlight how the workers and their families utilize the proceeds they earn in the international migration, and what impact the remittances bring about in accordance with the income groups the migrant workers belong to. Besides, the academic focus tends to cover the macroeconomic aspects such as the analysis of the impact of remittances on the macroeconomic growth, international trade patterns and exchange rates. Therefore, this study will focus on the latest and most important key issues that have been built on from the latest studies, in particular, those having considerable influence on the policy makers.

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<sup>5</sup> JICA (2004)

<sup>6</sup> OECD (2001)

## Chapter 2 Current Migratory Situations and Migration Policy

### 2-1 Current Migratory Situations

#### 2-1-1 Global Trends

While development and poverty reduction are highly complex topics to examine, so is international migration. Hence, it is important to briefly touch on the global trends, situations and profile of international migration before examining how international migration is related to development and poverty reduction in LDCs.

According to the estimation by International Organization for Migration (IOM), as of 2003, approximately 150 million people or 2.9 % of the world's population are international migrants.<sup>7</sup> This translates into one in every 35 people in the world and one in every 12 in LDCs is an international migrant.<sup>8</sup> Both the figure and the ratio have reached historical high. If all migrants are put together in one country, it could be the 6th largest country in the world. Of all international migrants, 100 million are estimated to be international migrant workers and of those 30 million are undocumented.<sup>9</sup>

According to Stephen Castles and Mark Miller, the leading scholars on international migration, the key terms to describe the latest global trends of international migration are: *globalization*, *acceleration*, *differentiation*, *feminization*, and *politicization*.<sup>10</sup> *Globalization* of international migration means that there is a tendency for more and more countries to be affected by cross-border mobility with diversity of sending countries. That is, there are more and more places in the world that are not unrelated to international migration. *Acceleration* refers to the growth in volumes in all major regions in the world. For instance, populous countries such as China and India that are joining the global migration trend recently are making significant impact on the number of international migrants. *Differentiation* means that the type of migration has diversified as labor migration, international student, refugees, and permanent settlement. In the past people migrated primarily for economic betterments whereas nowadays there are a variety of non-economic reasons to make people cross borders. *Feminization* means that more and more women are becoming the main actors in international migration compared to the past when men used to be the predominant population in migration. Lastly, *politicization* of migration means that migration has become influential considerably on various policies such as domestic policy or bilateral or regional relationship in international arena. As there is a rising security concern regarding the migrants in many destination countries, migration often becomes a highly publicized political agenda in elections.

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<sup>7</sup> IOM (2003a)

<sup>8</sup> *Ibid.*

<sup>9</sup> ILO Migrant Workers, International Labor Conference 87<sup>th</sup> Session, Geneva, 1999

<sup>10</sup> Castles and Miller (1998), p. 9

It is also important to mention that international migration takes place not only from LDCs to MDCs such as OECD member countries, but also from LDCs to other LDCs, although the focus of this study is the migration from LDCs to MDCs and the subsequent reverse flow of remittances from MDCs to LDCs. Although the increased convenience and lowered cost of cross border transportation, geographical factors, especially the distance between country of origin and that of destination, still matter significantly. That is to say, most people still migrate to the countries that are closer from home in absolute distance. Indeed, some argue, “By far, most international migration takes place among countries in the southern hemisphere,” though there is lack of systematic data to measure this.<sup>11</sup>

## **2-1-2 Trends in OECD Member Countries**

It is also reasonable to pay special attention to international migrants, in particular labor migrants in the OECD member countries because the focus of this study is on the population movements and its remittance between MDCs and LDCs. Questions include:

- What is the current situation for international migration and international labor migration flowing into OECD countries?
- How have the trends changed over the last decade?
- What is their employment situation now?
- Which labor sectors do the migrants work?
- Where do the migrants come from?
- How have the governments of the OECD countries tried to accommodate the international migrants?
- What is their policy priority? And
- To which direction is their policy heading?

Figures cited and edited here are mostly from *Trends in International Migration*, which has been collected annually from each OECD member country since the 1970s.<sup>12</sup> It is probably the most comprehensive as well as the most frequently quoted source of information in various international reports on international migration. In some of the original data sources, international migrants are categorized into “foreign” and “foreign-born” populations. However, in order to avoid confusion, in the tables of this study, both populations are not categorized separately because it can be assumed that most of the both populations, regardless of their citizenship and nationality, maintain a considerable relationship with their home countries and therefore play an important role in remittances. When both foreign and foreign-born population data are available, then, foreign-born is used.

Due to the limited space, six countries selected for statistical reviews are Australia, France,

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<sup>11</sup> Grantmakers Concerned with Immigrants and Refugees (GCIR) (2003)

<sup>12</sup> OECD (2003a)

Germany, the United Kingdom (U.K.), the United States and Japan. This is because they are the most popular migration destination countries for LDCs. In addition, Australia, Germany, and U.K. are reviewed for migration policies because they represent major characteristics of migration policies that could well reflect the trends in other OECD member countries including the U.S. Because the center of our attention is not so much to analyze quantitative data itself, but to make sense of it in its relationship to remittances and migration policies, a concise overview will be provided and summarized in tables. However, before looking at the OECD migration trends and migration policies, there needs to be some descriptions on data reliability and comparability.

Although there remain the data comparability and reliability problems, statistics show some important trends. First, as shown in **Table 1**, inflows of international migrants into the selected OECD member countries have fluctuated slightly but not significantly, except for Germany, as other countries also show the similar trend. Four of the selected six countries, the United States, Germany, U.K. and Japan, received the largest number of international migrants among all OECD countries in 2001. Stock data show more dramatic increases in most selected countries and the proportion of international migrants in local population is solidly increasing. Despite a tightened control over the borders for security, such a general upward trend is observed because of the improved economic climate and job markets improved in receiving OECD countries since the mid 1990s. In short, there has been a potential demand and supply for international migration in those six OECD countries, indicating a continuation in the volume of international migration.

In particular, as illustrated in **Table 2 and 3**, labor migration, both inflow and stock, has increased constantly across the six countries, and quite dramatically in the United States and Japan. In general, increases in all OECD countries could be attributed to the increases of qualified workers in information and communication and also in health and education sectors. Most importantly, most migrant workers are from LDCs, and this implies a high possibility of economic impact on LDCs.

The composition of labor markets for foreign workers in **Figure 1**, at least in the official data, show similar patterns among the compared countries. That is, a large portion of foreign workers in those countries are employed in the sectors related to various unspecified services and also in mining, manufacturing, and energy. This could imply that the significant portion of international labor migrants in those countries is semi or unskilled migrant workers and thus they are possibly important population to examine in relation to poverty.

Although a huge number of labor migrants migrated to the OECD countries, not all are employed. Indeed, **Table 4** indicates that the unemployment rate is higher for migrant population than for the nationals in the selected countries, except for men in Australia and the United States. France has the largest employment discrepancy, both in male and female workforce, between nationals and migrant

**Table 1 Inflow and Stock of International Migrants  
in Selected OECD Member Countries**

(Thousands)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>Australia</b>										
Inflow	107.4	76.3	69.8	87.4	99.1	85.8	77.3	84.1	92.3	88.9
Stock	4,028.4	4,053.9	2,093.6	4,164.1	4,285.7	4,311.7	4,366.3	4,419.0	4,517.3	4,482.1
% of total population	23.0	22.9	22.9	23.0	23.3	23.3	23.3	23.3	23.6	23.1
<b>France</b>										
Inflow	116.6	99.2	91.5	77.0	75.5	102.4	139.5	114.9	126.8	141.0
Stock	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,868.2	N/A	N/A
% of total population	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.0	N/A	N/A
<b>Germany</b>										
Inflow	1,207.6	986.9	774.0	788.3	708.0	615.3	605.5	673.9	648.8	685.3
Stock	6,495.8	6,878.1	6,990.5	7,173.9	7,314.0	7,365.8	7,319.5	7,343.6	7,296.8	7,318.6
% of total population	8.0	8.5	8.6	8.8	8.9	9.0	8.9	8.9	8.9	8.9
<b>Japan</b>										
Inflow	267.0	234.5	237.5	209.9	225.4	274.8	265.5	281.9	345.8	351.2
Stock	1,281.6	1,320.7	1,354.0	1,362.4	1,415.1	1,482.7	1,512.1	1,556.1	1,686.4	1,778.5
% of total population	1.0	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.4
<b>United Kingdom</b>										
Inflow	175.0	179.2	206.2	228.0	224.2	237.2	287.3	337.4	379.3	373.3
Stock	1,985.0	2,001.0	2,032.0	1,948.0	1,934.0	2,066.0	2,207.0	2,208.0	2,342.0	2,587.0
% of total population	3.5	3.5	3.6	3.4	3.4	3.6	3.8	3.8	4.0	4.4
<b>United States</b>										
Inflow										
Permanent	947.0	904.3	804.4	720.5	915.9	7,984.4	654.5	646.6	849.8	1,064.3
Temporary	N/A	N/A	1,468.8	1,433.3	1,636.7	N/A	2,141.4	2,363.4	2,741.3	2,948.3
Stock	N/A	N/A	22,600	23,000	24,600	25,800	26,281	26,448	31,107	31,811
% of total population			8.7	8.8	9.3	9.7	9.8	10.3	11.1	11.1

Source: OECD (2003a), pp. 305-308

Note: Recreated and edited by the Author<sup>13</sup>

<sup>13</sup> International migrants in the table include both foreign and foreign-born populations which are separated in some countries, according to Defining 'Foreign Born' and 'Foreigner' in International Migration Statistics By Elizabeth Grieco, Migration Policy Institute, July 1, 2002 (available at <http://www.migrationinformation.org/Feature/display.cfm?ID=34>) and also the page 298 in Trends in International Migration, 2003. Inflow data represents a snapshot of mobile population recorded or estimated at a single point in time, collected from residence or work permits, while stock data is collected continuously from labor force survey for a point in time, annually.

**Table 2 Inflow and Stock of Foreign Workers in Selected OECD Member Countries**

(Thousands)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>Australia</b>										
Inflow										
Permanent Settlers	40.3	22.1	12.8	20.2	20.0	19.7	26.0	27.9	32.4	35.7
Temporary Workers	14.6	14.9	14.2	14.3	15.4	31.7	37.3	37.0	39.2	45.7
Stock	..	2,194.9	2,164.1	2,138.8	2,238.8	2,251.6	2,293.9	2,309.6	2,364.5	2,367.3
<b>France</b>										
Inflow										
Permanents	42.3	24.4	18.3	13.1	11.5	11.0	10.3	17.1	18.4	22.2
Stock	1,517.8	1,541.5	1,593.9	1,573.3	1,604.7	1,569.8	1,586.7	1,593.8	1,577.6	1,617.6
<b>Germany</b>										
Inflow	408.9	325.6	221.2	270.8	262.5	285.4	275.5	304.9	333.8	373.8
Stock	..	..	..	..	..	3,575.0	..	3,545.0	3,546.0	3,616.0
<b>Japan</b>										
Inflow	108.1	97.1	111.7	81.5	78.5	93.9	101.9	108.0	129.9	142.0
Stock	85.5	95.4	105.6	88.0	98.3	107.3	119.0	125.7	154.7	168.8
<b>United Kingdom</b>										
Inflow										
Long-Term	9.9	9.4	10.2	11.7	11.4	16.3	20.2	25.0	36.2	50.3
Short-Term	26.3	24.5	23.0	26.1	29.4	27.4	28.0	28.4	30.7	30.8
Stock	902	862	864	862	865	949	1039	1005	1107	1229
<b>United States</b>										
Inflow										
Permanent Settlers	116.2	147.0	123.3	85.3	117.5	90.6	77.5	56.8	107.0	179.2
Temporary Workers	175.8	182.3	210.8	220.7	254.4	..	430.7	525.7	635.2	688.5
Stock	..	..	12,900	12,900	14,400	15,400	16,100	16,114	18,530	20,014

Source: OECD (2003a), pp. 310-311

Note: Recreated and edited by the Author

**Table 3 Foreign and Foreign-Born Labor Force in the Selected OECD Member Countries in 1995 and 2002**

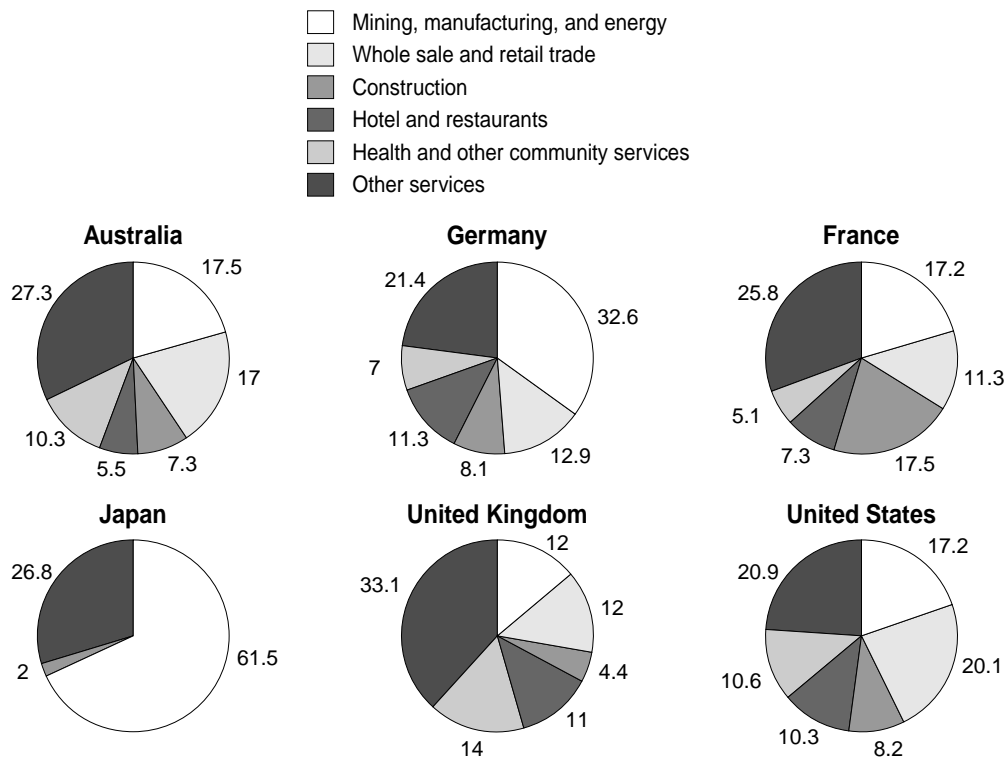
	1995		2002	
	Number (Thousands)	%	Number (Thousands)	%
<b>Australia</b>	2,139	23.9	2,438	24.6
<b>Germany</b>	3,505	9.1	3,511	8.9
<b>France</b>	1,566	6.3	1,612	6.2
<b>Japan</b>	88	0.1	169	0.2
<b>United Kingdom</b>	1,011	3.5	1,405	4.8
<b>United States</b>	14,083	10.8	21,291	15.3

Source: OECD (2003a), p. 50

Note: Recreated and edited by the Author.

Japanese data refer to foreign employment and to the % of total employment and the source of all above data is labor force survey except for Japanese data which comes from work permit

**Figure 1 Selected Sectors for Employment of Foreigners 2001-2002 (%)**



Source: OECD (2003a), p. 56

Note: Recreated and edited by the Author<sup>14</sup>

<sup>14</sup> Unfortunately, it is not possible to distinguish in those numbers between who the unskilled foreign workers are and who the skilled are because there is no systematic categorization for a cross national comparison. However, it can be logically assumed that some sectors such as manufacturing and construction sectors employ more unskilled laborers in composition than other sectors such as health sector due to the nature of the jobs. Therefore, if the remittances from unskilled laborers who are likely to be from economically disadvantaged classes have strong economic impact on their families and relatives in sending countries and thus on reducing poverty, then, this table could offer some insights about who the considerable candidates are to contribute to alleviating poverty.

**Table 4 Unemployment Rate Among Nationals and Migrant Population by Sex in Selected OECD Member Countries in 2001 and 2002 (Average) (%)**

	Men		Women	
	Nationals	Foreigners	Nationals	Foreigners
<b>Australia</b>	6.0	5.6	4.7	6.3
<b>Germany</b>	6.7	16.6	9.6	21.0
<b>France</b>	7.7	13.7	7.7	12.1
<b>Japan</b>	N/A	N/A	N/A	N/A
<b>United Kingdom</b>	5.3	8.4	4.1	7.5
<b>United States</b>	6.0	5.6	4.7	6.3

Source: OECD (2003a), p. 51

Note: Recreated and edited by the Author

workers, whereas Australia has the smallest. This has an important implication for the remittances because unemployment rate could well affect the level of average incomes of migrants as a group in destinations and thus the volume of the remittance to their home countries, LDCs. Also, as is discussed later, migrants are one of the most vulnerable labor forces in many of the host countries, and this often makes their economic foundation weak.

In the selected OECD countries, international migrants come from a variety of places, not limited to specific country or region, as shown in **Table 5**. Every country has a considerable portion of migrants from the countries close to it geographically and also those from LDCs. This diversity of countries of origin could mean that it is a great challenge for each OECD country or OECD as a whole, to coordinate and implement country specific migration policy. It is unfortunate not to be able to differentiate between how many of them are actually international migrant workers and how many of them are not. However, by looking at the countries of origin, **Table 5** could provide some hints to which countries remittances are mostly likely to be made.

In summary, the most significant trend to point out for the selected OECD member countries, is the increase in international migration, which supports the arguments of Castles & Miller; *globalization* and *acceleration*. Although they are not illustrated in the above tables, there are other specific trends that include:

- (1) 2001 marks the strength in increase in migration flows including traditional immigration countries in Europe and that seems to continue;
- (2) Increase of skilled workers is prominent because many countries implemented special programs favorable to them. This supports the Castles-Miller characteristics of *differentiation*;
- (3) Increase of unskilled workers is also visible especially in service sectors and seasonal workers who are the farmers in agricultural sector; and
- (4) Illegal migration is also on the rise in many countries and this has been causing the rise of the Castles-Miller argument on *politicization*.



**Table 5 Relative Importance of the Top Five Countries in the Total Immigration Flows and Stocks of Foreigners in Selected OECD Member Countries (Main Immigrant's Countries of Origin in 2001)**

Top Five Nationalities (According to the 2001 volumes of inflows)	Inflow of Foreigners in 2001	Stock of Foreigners in 2000
	% of Total Inflows	% of Total Stock of Foreigners
<b>Australia</b>		
New Zealand	17.6	8.3
United Kingdom	9.8	26.9
China	7.5	3.7
South Africa	6.4	1.8
India	5.7	2.4
Total (in thousands)	88.9	4,517.0
<b>France</b>		
Morocco	16.1	15.4
Algeria	13.0	14.6
Turkey	5.9	6.4
Tunisia	5.6	4.7
United States	2.2	0.7
Total (in thousands)	128.1	3,263.2
<b>Germany</b>		
Poland	11.6	4.1
Turkey	8.0	27.4
Federal Republic of Yugoslavia	5.3	14.9
Italy	4.2	8.5
Russian Federation	4.1	1.6
Total (in thousands)	685.3	7,296.9
<b>Japan</b>		
China	24.6	19.9
Philippines	24.2	8.6
Brazil	8.5	15.1
Republic of Korea	7.0	37.7
United States	5.9	2.7
Total (in thousands)	351.2	1,686.4
<b>United Kingdom</b>		
United States	12.1	4.9
India	10.0	6.5
Australia	9.8	3.2
South Africa	7.0	2.3
Philippines	4.3	0.9
Total (in thousands)	373.3	2,342.0
<b>United States</b>		
Mexico	19.4	29.5
India	6.6	3.3
China	5.3	3.2
Philippines	5.0	4.4
Vietnam	3.3	3.2
Total (in thousands)	1,064.3	31,107.9

Source: OECD (2003a), p. 40

Note: Recreated and edited by the author

### 2-1-3 Data Reliability and Comparability Issues

Capturing the characteristics of dynamic and diversified global phenomenon like international migration is always a challenging project. Yet, there is a growing recognition in international community that statistical evidence is crucial to understand the nature of international migration and is fundamental for policy makers to swiftly respond to the changing migratory situations.

In any study on international migration, there are often problems with interpreting statistical data. Two main problems are reliability and comparability. Much data, especially in LDCs, is not reliable due to inaccuracy or absence of items in collection. For instance, there is a growing portion of illegal migration in international migration, especially from LDCs to MDCs, but even the best estimation can only capture the tip of iceberg. More importantly, in most countries, there is no systematic and annually collected migration survey, which specifically targets migrant populations, even in MDCs. As a matter of fact, migration data is in most cases the by-product of other administrative data; migration data in most countries in OECD countries come from population registers.<sup>15</sup> For instance, because Germany had kept refusing to officially admit that the country is a popular migration destination, quite contrary to the reality, there has been a lack of detail and reliable data on migrant workers for many years.<sup>16</sup> Such obstacles make international migration more difficult to understand in a comprehensive manner.

Another problem is comparability. This is mainly because of the absence of appropriate or coordinated definition and categorization. In fact, even today there has been very little or no universal consensus about the definition of an international migrant, causing large confusion and misunderstanding. This is because national definition of migration is often quite different from that of international recommendation.<sup>17</sup> In other words, a migrant in one country may not be considered as a migrant in another. A common example of this is the mismatched numbers between the country of departure and the country of arrival due to the different categorization system in two countries. In another case, an asylum seeker is considered as an international migrant in many countries in Europe but not in Germany. Furthermore, refugees and students are not international migrants according to the UN definition of international migrant. However, many scholars and officials on international migration consider refugees and overseas students as international migrants because the political and economic importance of these mobile populations is increasing. In summary, because each country tries to make the data more meaningful in their own political, economic, social, and legal contexts, there exists a wide variety of recording formats and thus types of data. That makes appropriate cross-national comparison difficult.

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<sup>15</sup> Poulain and Perrin (2003)

<sup>16</sup> Münz (2004)

<sup>17</sup> Poulain and Perrin (2003)

In response to these problems, there have been attempts since the 1980s to collect detailed, accurate and reliable data, which is universally standardized and comparable across the countries. Indeed, with migration becoming international agenda in many areas of the world, there have been extensive discussions and coordination, initiated by international organizations, on how to improve the data and make it universally comparable. The latest recommendations, UN Recommendations on Statistics of International Migration, state that previous measurements and definitions do not adequately match with the current and changing migration situation.<sup>18</sup> It proposes a simplified and more pragmatic definition of international migration to emphasize temporary migration such as unskilled migrant workers and the universal definitions for different groups in cross mobile population.

However, improving data quality and producing comparable data at the same time still poses a great challenge to many countries, as it takes serious political and administrative commitments, with financial and human resources, which especially lack in LDCs. As practices of data collection and production well mirror the migration history of each country, international coordination with common agenda to tackle such as illegal migration and human trafficking is essential.

## **2-2 Immigration Policies**

Although most MDCs do not actively encourage international migration, at the same time, they do not shut down the borders or try to stop the flows, either. This is because there is a common recognition that through the past experiences and reality of globalization, international migration is unstoppable. In addition, in many MDCs, there are problems regarding population structure, such as population declining, aging, and labor shortage. Therefore, more and more MDCs have semi-open or selective immigration policies to encourage skilled workers and some unskilled workers in 3D (dangerous, demanding and dirty) jobs, while becoming strict on illegal immigration for security reasons especially after September 11 in 2001.

Now, it is useful to take a closer look at the immigration policies of three countries, namely Australia, Germany, and U.K., because they well reflect the general trends of immigration policies of the host countries, especially other OECD countries.

### **2-2-1 Australia**

In principle, Australia's immigration policies have been implemented so as to build population and to bring about economic growth through integrating immigrants as permanent settlers in the country.<sup>19</sup> However, there have been some important changes in their policy orientation. The most important

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<sup>18</sup> United Nations (1998)

<sup>19</sup> Castles and Miller (1998), p. 185

changes are the abolition of so-called White Australian Policy in 1973 and the shift towards the multiculturalism approach in the following years, corresponding with the economic dependency on and strategic partnership with Asia.

Since the 1980s, more and more immigrants have come from LDCs such as China and India where poverty was still prevailing. In fact, there has been a strong political will reflected in immigration policies to receive immigrants for humanitarian ground and immigrant workers for economic purposes, especially in business, skilled professional and managerial occupations.<sup>20</sup> Since 1996, the Australian government led by a coalition of conservative parties has emphasized labor-selective immigration policies over policies for the humanitarian consideration and family reunification.<sup>21</sup>

This has become more visible in the recent years. In 2004, the government initiated the Migration Programme to boost the number of skilled workers, so-called the Skill Stream. Under this program, the Australian government is expected to host 110,000 international immigrants and of those, 63,300 are going to be skilled immigrants.<sup>22</sup> At the same time, control of illegal immigration including trafficking has been also one of the top priorities and new laws were passed in 2001 to combat against illegal entry by sea. These selective immigration policies seem to continue, as interests of both the political circle and business community are becoming even stronger in choosing types of immigrants and skills that they bring with them, in order to maintain the level of labor forces the country needs.<sup>23</sup>

### **2-2-2 Germany**

Germany's immigration policies can be described as close or semi close-door policy, despite the fact that the country has been by far the largest immigration destination in Europe. In net immigration, 3 million people immigrated into Germany between 1991 and 1998. Nevertheless, until the early 1990s there had been no integrated immigration policies. Indeed, although there had been various schemes, bilateral agreements, and ad hoc work permit programs, there had been no immigration labor laws in Germany because for many years political leaders and the government had kept denying the country being a host for labor immigrants from LDCs. It is true that every country has its own immigration process and intuitional framework different from others. However, as Castles & Miller points out, this is such a contrast to Australia, as Australia has officially accommodated international migrants for many years.

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<sup>20</sup> *Ibid.*, p. 195

<sup>21</sup> Migrant Research Media (2004)

<sup>22</sup> Japanese Ministry of Foreign Affairs (2003)

<sup>23</sup> Vanstone (2003)

In the 1950s and 1960s, Germany made bilateral labor migration agreements with countries such as Italy, Turkey, Greece, Spain and Tunisia, and as a result, massive labor immigration took place. This was to meet the labor demands in labor intensive industry. Although official labor inflow was banned in 1973, inflows of families of those immigrants continued and created another wave of immigration in the following years. Between 1992 and 2001 the inflow has declined once again, while stock immigration increased.

A drastic change in immigration policies came about around 2001, as the government study group reported that integration of coordinated immigration policies and social assimilation policies is in urgent need for the solution for the problems of the population decline and labor shortage. After rejection and reintroduction in the following years, the new immigration law was passed and pro-active immigration policies were implemented in the beginning of 2005, reopening the official labor immigration channels closed since 1973. This was to grant rights of immigrants to reside and work in the country without special permits.<sup>24</sup> It is considered that this law is likely to help increase the influx of international migrants, especially skilled workers from LDCs.<sup>25</sup> Germany is slowly shifting from closed to more open and selective immigration policies.

### **2-2-3 The United Kingdom**

Contrary to the mass labor immigration into Australia and Germany, U.K. did not experience such an inflow and therefore labor immigration was not the prioritized agenda in U.K. policies until very recently. In the first few years after the WWII, the British immigration policies were to control and limit the number of immigration from the British Commonwealth Nations, traditional migration origins from the colonization era. In the 1950s, labor immigration started to take place from the newly independent countries of the Commonwealth, especially from the West Indies. In response to this, in 1962, Commonwealth Immigration Act was passed with various labor schemes to control immigrant workers. In 1971, an additional act was introduced to further limit the immigrants, with introduction of “partial” approach stating that only those who were born in U.K. or whose parent was born in U.K. can obtain the “right of adobe” or settlement status. Such acts contributed to curve the increased inflow of migrants. This restrictive policy was maintained until very recently, except for those who are the member of European Union (EU) and European Economic Area (EEA).<sup>26</sup> This semi-closed door policy was based on the belief that in views of employment, housing, and law enforcement, accommodation of a high volume of immigrants is unbearable and is not the interest of the kingdom.

However, since 1998, with improved economic condition, policies to meet the labor shortage especially those with skills have been prioritized. For instance, in 1999, Highly Skilled Migrant

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<sup>24</sup> OECD (2003a), pp. 199-202.

<sup>25</sup> Japan Institute for Labor Policy and Training (2004a)

<sup>26</sup> Japan Institute for Labor Policy and Training (2004b)

Programmed (HSMP), along with Sector-Based Scheme (SBS) and Seasonal Agricultural Workers Scheme (SAWS), was introduced to accommodate the demands and supply of various types of immigrant workers through the organized channels. On the other hand, measures against illegal immigration including undocumented immigrant workers, such as The Nationality, Immigration and Asylum Act 2002, were introduced, similar to the other OECD countries. Also similar to the other OECD countries is the British policy that is more selective towards immigrants.

#### **Box 1**

### **Recent Developments in the Immigration Policies in the United States, the United Kingdom and France**

Although in-depth review was not made in the process of developing the report, it's worth while to mention the recent events and the subsequent developments of immigration policies in the United States, U.K. and France.

#### **The United States**

Until the terrorist attacks on September 11, 2001, the US Federal Government had been streamlining the moderate immigration policies securing enough labor supply to meet the demand from the American employers. By amending the immigration laws, the US Government had made efforts to shorten the time it took for the foreign workers to obtain visas. But the 9.11 incidents revealed the weakness of the administration of the Immigration Office and immigration laws. Placing a top priority on the war on terrorism and homeland security, the US Government has made strict the immigration inspection at the ports of entry and the administration of visa issuance, especially student visas.

In late November 2005, President Bush announced the Strategy for Comprehensive Immigration Reform. The primary objective of the new strategy is to secure the border, and it starts with saying that the United States will return every illegal entrant caught crossing the southwest border with no exceptions. At the same time, however, it proposes the creation of a new temporary worker program to match foreign workers with American employers for jobs that no American is willing to take. Temporary workers will be able to register for legal status for a fixed time period and then be required to return home. This plan meets the needs of a growing economy, allows honest workers to provide for their families while respecting the law, and relieves pressure on the border.

Source:

*The White House, Office of the Press Secretary, "Fact Sheet: Securing America Through Immigration Reform," November 28, 2005, <http://www.whitehouse.gov/news/releases/2005/11/20051128-3.html>*

#### **The United Kingdom**

U.K. had a relatively open-door immigration policy in comparison with other European countries. Inward immigration has been important in easing labor shortages, helping to prevent a demand for higher wages in UK.

On the other hand, the fact that immigrant communities made up 7.5% of the population created the critiques towards immigration policy.

U.K. announced a Consultation Document, "Selective Admission: Making Migration Work for Britain" on July 2005. It suggests on arranging integrated it with five kinds of emigrant acceptance systems (a high skilled worker; a skilled worker; an unskilled worker; a student; and other) and introduction of a point system done in Australia, which will make it more selective towards immigrants. The government seems to have a sense of impending crisis in an open-door immigration policy after the terrorist attacks in London. Though the policy of this review plan (a Consultation Document, "Selective Admission: Making Migration Work for Britain") was proposed in February and there was not enough interval at the time of announcement of a plan after the attacks, it is regarded as a big turning point for immigration policy in UK.

Source:

- *Home Office (UK), Web Pages <http://www.homeoffice.gov.uk/security/terrorism-and-the-law/>*
- *Japan Institute for Labor Policy and Training, Web Pages <http://www.jil.go.jp/foreign/jihou/backnumber/england.htm>*

### **France**

On October 27, 2005, two teenagers were electrocuted after climbing into an electrical sub-station in the Paris suburb of Clichy-sous-Bois, in what locals said was an attempt to hide from police. The police denied this, but news of their deaths triggered riots in the area which was home to large African and Arab communities, and arsonists destroyed 15 vehicles. This incident ignited the long-lasting frustration of the French Muslims, and the subsequent riots were spread all over France in the next couple of weeks.

French Government has long taken a policy to "integrate" the African and Arab immigrants, and the youth of the African and Arab origin, as long as they are born in France, are regarded as French. The UK and the Netherlands seem to have intended to design the multi-cultural society where all the residents with different ethnic and cultural backgrounds live together. While they are supposed to respect the others' backgrounds and lifestyles, French integration policy requires each resident to accept the French value and lifestyles. And even so, the French Muslims are forced to live in a ghetto on the suburbs of major cities. Many critics point out that there still exists racism even though racial discrimination is banned in France. Statistics shows that the unemployment among people of French origin is 9.2% and that the unemployment among those of foreign origin is 14%.

Due to the prolonged slump of the national economy and high unemployment, French Government had shifted to more strict immigration policies even before the October-November riots. But there is also the opposite view insisting that unless France increases the receipt of migrant workers, it will face a labor shortage. This pro-immigration advisory for the French Government states that there needs an increase by 10,000 labor force annually to meet the labor demand, especially the demand for unskilled labor in the construction and agriculture sectors. The advisory recommends that French should receive more foreign workers.

Source:

- *BBC News*

#### 2-2-4 Policy Coherence

Due to the aid fatigue that the most MDCs went through in the 1990s, the volume of ODA had been in the downward trend until the arrival of the millennium while the main focus of the major donors has been placed on the aid effectiveness. United Nations Millennium Summit in September 2000 summarized the international development goals as eight Millennium Development Goals (MDGs). MDGs are largely shared between developed and developing countries, from governments to civil societies. Although all the actors agreed to achieve the MDGs by the year 2015, the international community realized that they needed to mobilize the financial resources for the MDGs to be achieved by the target period. The International Conference on Financing for Development, held in Monterrey, Mexico, in March 2002, provided a platform on which the various international actors could discuss the possible resources to be mobilized to achieve the MDGs besides reversing the decreasing ODA budget trend of the developed countries. Since the Monterrey Conference, the discussions around ODA have been summarized by the volume and effectiveness agenda. But it has also been emphasized that we could not meet the MDGs with the official aid flow alone: There should be the alternative flow of private funds that could be explored for the financing of development such as trade promotion, FDI and remittances. This is the background of the rise of the discussions on the coordinated policies consistent with a certain common goal of development. The migration policies of the developed countries have been checked if they are coordinated and coherent with other policies towards the MDGs achievement.

Coherence among various areas of policies such as immigration, aid, trade and investment, can take place in many forms. One type of coherence is between immigration policies and aid policies where a host country, often OECD member country, offers a preferential treatment towards immigrants, especially labor immigrants, from a particular country, usually LDC, as a part of de facto development aid to that country. This is based on the assumption that international labor migration to MDCs is caused by economic underdevelopment in LDCs, and thus receiving more immigrants, especially labor immigrants from LDCs, could help the economic development of their originating countries. A good example may be the recent Australia's immigration policies accepting seasonal workers from the Pacific Islands.<sup>27</sup> However, this measure should be understood in the context of Australia's growing concerns over security issues and interests in regional economic integration. In other words, the country saw that political instability and economic underdevelopment in those countries could lead to deterioration of regional security and Australia's regional commitment is the possible solution.<sup>28</sup>

**Table 6** presents the number of international migration, amount of aid, amount of FDI, and amount of exports between selected OECD member countries and major migration sending countries, with a

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<sup>27</sup> Inglis (2003)

<sup>28</sup> *Ibid.*



**Table 6 Various Indicators in Comparison**

Nationalities from LDCs (According to the 2001 volumes of inflows)	Inflow of Foreigners in 2001	Stock of Foreigners in 2000	Gross ODA/OA (Rankings in that country in 2003-2004)	Foreign Direct Investment Unit: US\$ million (Year)	Population living less than US \$1 a day
	% of Total Inflows	% of Total Stock of Foreigners	US\$ million	US\$ million	%
<b>Australia</b>					
China	7.5	3.7	29 (7)	28 million AU (2003)	16.6 (2000)
India	5.7	2.4	N/A	N/A	35.3 (2000)
<b>France</b>					
Morocco	16.1	15.4	302 (1)	2222.1 (2002)	2.0 (2000)
Algeria	13.0	14.6	245 (7)	80.4 (2001)	2.0 (1994)
Tunisia	5.6	4.7	167 (1)	124.3 (2002)	2.0 (2000)
<b>Germany</b>					
Poland	11.6	4.1	69 (4)	940.4 (2000)	2.0 (2000)
Turkey	8.0	27.4	115 (10)	24 (2003)	4.8 (2003)
Federal Republic of Yugoslavia	5.3	14.9	325 (1)	4.7 (2001)	N/A
<b>Japan</b>					
China	24.6	19.9	1,297 (1)	20,400 (2004)	16.6 (2000)
Philippines	24.2	8.6	810 (3)	2,058 (2003)	15.5 (2000)
Brazil	8.5	15.1	92 (1)	1,300 (2004)	8.2 (2000)
<b>United Kingdom</b>					
India	10.0	6.5	346 (1)	157 (2003-2004)	35.3 (2000)
South Africa	7.0	2.3	87 (10)	N/A	10.7 (2000)
Philippines	4.3	0.9	N/A	N/A	15.5 (2000)
<b>United States</b>					
Mexico	19.4	29.5	50 (2)	7071.4 (2002)	9.9 (2000)
India	6.6	3.3	165 (4)	289 (2001)	35.3 (2000)
China	5.3	3.2	N/A	1,236 (2001)	16.6 (2000)
Philippines	5.0	4.4	111 (2)	47 (2001)	15.5 (2000)
Vietnam	3.3	3.2	35 (10)	N/A (2001)	3.8 (1997)

Source: OECD (2003a), p. 40,

Japan External Trade Organization (JETRO) Country and Regional Information (<http://www.jetro.go.jp/biz/world/>),

Japanese Ministry of Foreign Affairs' country data (<http://www.mofa.go.jp/>),

OECD Aid Statistics, Donor Aid Charts and Recipient Aid Charts

([http://www.oecd.org/countrylist/0,2578,en\\_2649\\_34447\\_1783495\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/countrylist/0,2578,en_2649_34447_1783495_1_1_1_1,00.html))

([http://www.oecd.org/countrylist/0,2578,en\\_2649\\_34447\\_25602317\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/countrylist/0,2578,en_2649_34447_25602317_1_1_1_1,00.html)),

ASEAN Japan Center Foreign Direct Investment of Major Countries (by Country & Region) 2001

(<http://www.asean.or.jp/general/statistics/04investment/02.html>),

Foreign Investment in India (<http://www.indiaonestop.com/economy-fdi.htm>),

US Trade Balance, US Census Bureau Foreign Trade Statistics (<http://www.census.gov/foreign-trade/balance/>),

The World Bank, Data & Statistics, Millennium Development Goals

(<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20546904~menuPK:1192694~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>),

UNCTAD Search by country/economy (<http://www.unctad.org/Templates/Page.asp?intItemID=3198&lang=1>)

Note: Recreated and edited by the Author

Currency converted from local to US dollars according to the Universal Currency Converter (<http://www.xe.com/ucc/>) as of January 2006

high poverty rate. Because of various confounding factors, however, it is not possible to conclude from this Table whether the policymakers considered aid resource allocation among LDCs in coordination with the immigration policies for the countries where immigrants are originated. Also, policies are not always the cause of reality. That is, no matter what kind of policy may be implemented, it may or may not influence for instance, the pattern of trade or FDI because the trade and FDI are up to the decision of the private actors. In addition, even if there was such an intention in policymaking, its effectiveness in connecting immigration with development is hard to measure. For instance, countries that are geographically proximate have strong economic and trade ties already regardless of political will. Colonial history also made a strong relationship in migration and aid between MDCs and LDCs. In addition, a large portion of FDI is often much dependent on the private sectors though it is possible to be promoted by public policies.

Another type of coherence comes from political expectations that other types of policies on aid and investment could contribute to reduce immigration flows to the country. This is because of the background that many developed countries are concerned about mass labor migration and thus are keen on controlling the inflow of labor migration. They assume that assertive trade and investment policies towards the economies where immigrants are originated could reduce the pressure of migration. The U.S. and Mexico may be the good example. In fact, there has been increasingly a policy interest in reducing the number of unskilled workers from Mexico to the U.S.. UN agencies such as United Nations Conference on Trade and Development (UNCTAD) also propose a similar strategy, mainly to control labor migration through active trade policies and direct investment.<sup>29</sup> In Europe, there is also such a tradition of controlling migration through development assistance.<sup>30</sup>

However, even if such non-immigration policies do render to the economic development of LDCs, it is hard to prove that the policies are the major factors that could have a direct effect on declining the immigration flows, because an increasing number of mobile populations are migrating to a particular destination, not only for the better economic opportunities, but also for the better social ties and transnational networks such as ethnic communities. In fact, as there is growing diversity in international migration, current cross-border flows can not be explained without considering various non-economic factors. Furthermore, although it may be possible for policy makers to incorporate migration element in aid policies, it is hard to incorporate aid elements in immigration policies because immigration policies are domestic-oriented. Cross-sectoral coordination among policy makers in different government agencies is necessary, but this is a challenging task.

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<sup>29</sup> UNCTAD (1996)

<sup>30</sup> Griffith (2004)

In summing up, as more and more developed countries are implementing selective immigration policies, as discussed in the previous section, it is very possible in the future that coordination of immigration policies with others will be enhanced to target a development goal such as alleviation of poverty.

## Chapter 3 Role of Remittances

### 3-1 Remittance and Political Context

In the last few years, there have been growing interests in and expectations for the potential use of international population movement for the sake of economic development and particularly poverty reduction in the developing countries, through the migrant remittances. Since 2002, a series of international conferences and meetings have been held around the world. They include the International Conference on Financing for Development in Monterrey, Mexico (2002); International Conference on Remittances in London (2003); International Conference on Migrant Savings, Alternative Investment for Community Development and Reintegration in Hong Kong, (2003); and Migrant Worker Remittances Conference in Washington, DC. (2004). All of these shared belief that there is a huge potential for scaling up the impact of remittances on poverty reduction efforts in developing countries.<sup>31</sup> (See **Table 7**) Such views represent not only the governments of both developed and developing countries, international organizations or private and financial sectors, but also some local Non-Governmental Organizations (NGOs) and action research approach academics in LDCs such as Mexico and the Philippines.<sup>32</sup>

The background for the broadly shared expectations on remittances is the fact that the large sum of remittances are being sent from MDCs to LDCs. In fact, according to the official records, the amount exceeded US\$ 93 billion in 2003. As illustrated in **Figure 2**, remittances are steadily increasing and taking a significant part in resource flows to LDCs. Indeed, the remittances are more than double the size of net official flows (less than US\$ 30 billion) and are the second only to FDI (around US\$ 133 billion) as a source of external finance for developing countries.<sup>33</sup> Because of the informal nature of the channels, the actual volume of remittances is probably even larger. According to the paper prepared by the World Bank, in 36 out of 153 developing countries, remittances are larger than all capital flows, public and private.<sup>34</sup>

Such figures have become a strong incentive for the development community to conduct various studies during the last few years. For instance, international organizations such as the World Bank and International Labour Organization (ILO), and bilateral aid agencies such as Department for International Development (DFID), United States Agency for International Development (USAID) and

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<sup>31</sup> Script for the speech by Cesare Calari, Vice President of the World Bank, at the Migrant Worker Remittances Conference, October 9-10, 2003, [http://www.livelihoods.org/hot\\_topics/docs/RemitSpeech.doc/](http://www.livelihoods.org/hot_topics/docs/RemitSpeech.doc/)

<sup>32</sup> Villalba (2005)

<sup>33</sup> Ratha (2003)

<sup>34</sup> *Ibid.*

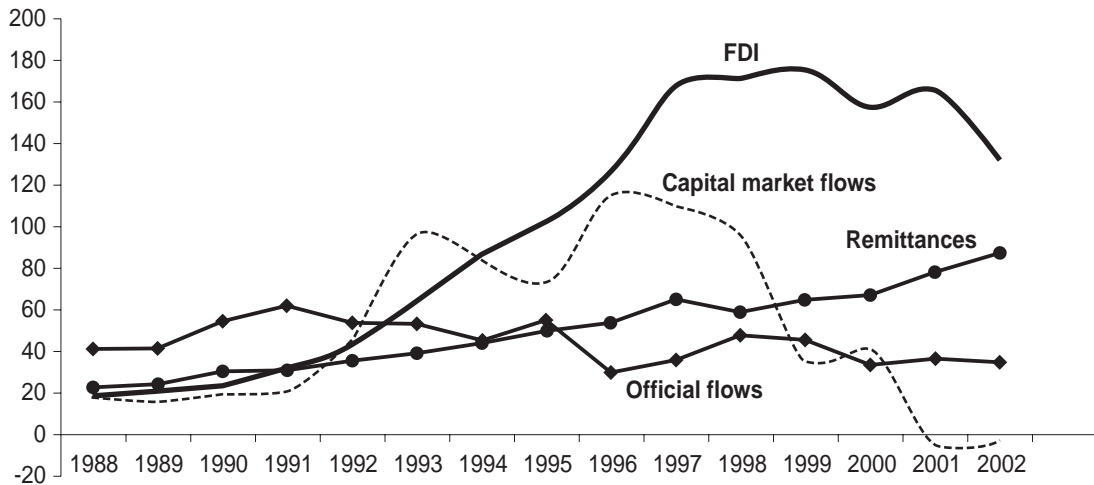
**Table 7 Summary of Recent International Conferences on Remittances**

<p><b>International Conference on Financing for Development</b></p> <ul style="list-style-type: none"> <li>- March 18-22, 2002</li> <li>- Monterrey, Mexico</li> </ul>	<ul style="list-style-type: none"> <li>● The first United Nations-hosted conference</li> </ul> <p>Purpose of the conference:</p> <ul style="list-style-type: none"> <li>● To adopt the Monterrey Consensus of the International Conference on Financing for Development, annexed to the present resolution.</li> <li>● To recommend to the General Assembly that it endorse the Monterrey Consensus adopted by the Conference.</li> </ul> <p>The Conference attracted more than 50 heads of states or governments and was the first quadripartite exchange of views between governments, civil society, the business community and the institutional stakeholders on global economic issues.</p>
<p><b>International Conference on Remittances</b></p> <ul style="list-style-type: none"> <li>- October 9-10, 2003</li> <li>- London, UK</li> </ul>	<ul style="list-style-type: none"> <li>● Hosted by DFID and the World Bank in collaboration with the International Migration Policy Programme (IMP).</li> </ul> <p>Purpose of the conference:</p> <ul style="list-style-type: none"> <li>● To bring together leading donors, government officials, banks, NGOs and other agencies to understand the key issues and challenges relating to remittances.</li> <li>● To identify best practice from regional and country initiatives that have improved the regulatory and institutional framework for remittances, improved financial technology and cost efficiency of banks, and facilitated access for recipients to other, complementary financial services.</li> <li>● To define collaborative strategies between agencies to enhance transparency and accountability and to strengthen the effectiveness and development impact of remittances.</li> </ul> <p>It was the first global meeting of its kind on this topic and attracted more than 100 participants from 42 countries.</p>
<p><b>International Conference on Migrant Savings, Alternative Investment for Community Development and Reintegration</b></p> <ul style="list-style-type: none"> <li>- December 2003</li> <li>- Jakarta, Indonesia</li> </ul>	<ul style="list-style-type: none"> <li>● Hosted jointly by Hong Kong-based Asian Migrant Center (AMC) and the Indonesian Committee for Reintegration (ICORE).</li> </ul> <p>Purpose of the conference</p> <ul style="list-style-type: none"> <li>● To enact a law on migrant workers to ratify their rights convention by the government</li> <li>● To help settle disputes involving migrant workers abroad and support the migrant worker savings program.</li> </ul>
<p><b>Migrant Worker Remittances Conference</b></p> <ul style="list-style-type: none"> <li>- 2004</li> <li>- Washington, DC</li> </ul>	<p>Purpose of the conference</p> <ul style="list-style-type: none"> <li>● To improve the domestic enabling environment for investments in developing countries.</li> <li>● To develop innovative financing instruments.</li> <li>● To reduce the transfer costs of migrant workers' remittances and create opportunities for development-oriented investments.</li> </ul>

Sources: International Conference on Financing for Development (<http://www.un.org/esa/ffd/ffdconf/>), International Conference on Remittances ([http://www.livelihoods.org/hot\\_topics/migration/remittances.html#2](http://www.livelihoods.org/hot_topics/migration/remittances.html#2)), Migrant Workers Seek More Protection in Politics and Human Rights ([http://www.indonesia-house.org/PolitichR/PHR1203/121803Migrant\\_workers\\_seek\\_more\\_protection.htm](http://www.indonesia-house.org/PolitichR/PHR1203/121803Migrant_workers_seek_more_protection.htm)), Migrant Worker Remittances Conference ([http://www.livelihoods.org/hot\\_topics/docs/RemitSpeech.doc](http://www.livelihoods.org/hot_topics/docs/RemitSpeech.doc))

**Figure 2 Resource Flow to LDCs**

(in US\$ billions)



Source: Ratha (2003)

Germany Technical Cooperation (GTZ) are publishing a number of reports on the theme of remittances and poverty reduction.<sup>35</sup> For instance, following the Global Poverty Action Plan agreed on at the Group of 8 Summit in Sea Island, the United States in June 2004, the World Bank organized the International Technical Meeting on Measuring Migrant Remittances, in the beginning of 2005. It is one of the largest and most comprehensive meetings on the topic and a number of papers with interesting findings about remittances were presented from different regions of the world.<sup>36</sup> In addition, there is now an inter-governmental agency network among various international agencies mentioned above that coordinate research on remittances.<sup>37</sup> They include IOM, EU, OECD, the Council of Europe, and the Inter-governmental Consultations (IGC) on Asylum, Refugee and Migration Matters.

What is important is that those studies presented in the Bank's International Technical Meeting, unlike pure academic studies, came up with practical policy recommendations and they were taken seriously as policy direction. At the 2004 Sea Island G8 meetings, the leaders of the eight major developed countries agreed in the Global Poverty Action Plan that the remittances earned by migrant workers could play a growing role in the economic development of LDCs and stated that, along with IMF, the World Bank and other international bodies should improve the data quality on remittances and also facilitate the environments for smooth remittances, which in turn could help eradicate poverty.<sup>38</sup> More specifically, at the 2004 Special Summit of the Americas, the United States President George W.

<sup>35</sup> Orozco (2002)

<sup>36</sup> International Technical Meeting on Measuring Migrant Remittances January 24-25, 2005, all papers presented at the meeting, <http://www.worldbank.org/data/remittances.html>

<sup>37</sup> USAID (2004)

<sup>38</sup> World Bank (2004)

Bush, along with other leaders of the hemisphere, stated that the United States, along with countries in Latin America, would be committed to reduce the transaction costs associated with making remittances by 50 % by 2008.<sup>39</sup> This is because the fees associated with remittances from the United States to Latin America and the Caribbean (LAC) region average 12.5 % of the amount remitted or US\$ 4 billion annually.<sup>40</sup> In short, researches on remittances have an immediate and direct influence on the courses of international policies.

However, the huge amount of remittances may not fully explain why international communities are greatly interested in the topic. Indeed, there are some evidences that indicate the slow growth of ODA flow from MDCs to LDCs may be another force to raise interests and thus push active researches on this topic. It is true that as shown in **Table 8**, MDCs are still allocating a large amount of aid resources to LDCs and the amount is recovering from the falls during the late 1990s. However, this increase is mainly due to the massive aid to Iraq and the net debt forgiveness.<sup>41</sup> The proportion of ODA in their economies, ODA/Gross National Income (GNI) ratio, as shown in **Table 9** is actually in the lower growth in the recent years, compared to the years 1980-1992.<sup>42</sup> For example, in nine countries out of twenty-two DAC members, ODA shrunk in the real terms from 2002 and 2003 and only five countries met the UN recommended ODA target of 0.7 % of GNI.<sup>43</sup> ODA from MDCs to LDCs is not as extensive as it used to be, at least in terms of volume, if not in terms of quality.

This has raised looming concerns among those involved in aid administration that remittances are justified to reduce aid amount to LDCs. As a high ranked officer from the Multilateral Investment Fund/Inter-American Development Bank (IDB) told at the U.N. panel discussion on November 2, 2004, remittances should not be viewed as one form of ODA, as some governments tended to see them. They might be an important source of development finance, but cannot replace aid.<sup>44</sup> Participants at the IOM meeting on June 30, 2004, also agreed that remittances must not replace but should rather supplement international development assistance and debt relief to the LDCs.<sup>45</sup> It is hard to say with confidence that whether there is a political intention in the MDCs to use the remittance-poverty argument to justify and reduce aid amount. However, there has been a wide consensus in the international community that remittance is an important resource as effective as ODA in order for the international community to maintain the level of commitments to economic development and poverty reduction in LDCs.

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<sup>39</sup> U.S. Department of State (2004)

<sup>40</sup> *Ibid.*

<sup>41</sup> OECD (2003b)

<sup>42</sup> *Ibid.*

<sup>43</sup> *Ibid.*

<sup>44</sup> Thalif (2004)

<sup>45</sup> Summary of the Ministerial Breakfast Roundtable Discussion on “Towards Enhancing the Development Impact of Migrant Remittances in the Least Developed Countries.” at High-level Segment of the Economic and Social Council, organized by IOM New York, June 30 2004.

**Table 8 Net Official Development Assistance by DAC Member Countries**

(in US \$ Millions)

	1987-88 average	1992-1993 average	1999	2000	2001	2002	2003
<b>Australia</b>	864	984	982	987	873	989	1,219
<b>Austria</b>	251	205	492	440	633	520	505
<b>Belgium</b>	644	840	760	820	867	1,072	1,853
<b>Canada</b>	2,116	2,457	1,706	1,744	1,533	2,004	2,031
<b>Denmark</b>	890	1,366	1,733	1,664	1,634	1,643	1,748
<b>Finland</b>	520	499	416	371	389	462	558
<b>France</b>	5,356	8,093	5,639	4,105	4,198	5,486	7,253
<b>Germany</b>	4,561	7,269	5,515	5,030	4,990	5,324	6,784
<b>Greece</b>	..	..	194	226	202	276	362
<b>Ireland</b>	54	76	245	234	287	398	504
<b>Italy</b>	2,904	3,583	1,806	1,376	1,627	2,332	2,433
<b>Japan</b>	8,238	11,205	12,163	13,508	9,847	9,283	8,880
<b>Luxembourg</b>	16	44	119	123	139	147	194
<b>Netherlands</b>	2,163	2,639	3,134	3,135	3,172	3,338	3,981
<b>New Zealand</b>	95	97	134	113	112	122	165
<b>Norway</b>	938	1,144	1,370	1,264	1,346	1,696	2,042
<b>Portugal</b>	62	264	276	271	268	323	320
<b>Spain</b>	240	1,411	1,363	1,195	1,737	1,712	1,961
<b>Sweden</b>	1,454	2,114	1,630	1,799	1,666	2,012	2,400
<b>Switzerland</b>	582	966	984	890	908	939	1,299
<b>United Kingdom</b>	2,258	3,082	3,426	4,501	4,579	4,924	6,282
<b>United States</b>	9,628	10,916	9,145	9,955	11,429	13,290	16,254
<b>TOTAL DAC</b>	43,834	58,318	53,233	53,749	52,435	58,292	69,029
<i>of which:</i>							
<b>EU Members</b>	21,374	31,483	26,750	25,289	26,388	29,969	37,139

Source: OECD, Aid Statistics, Statistical Annex of the 2004 Development Co-operation Report<sup>46</sup>

Note: Net disbursements at current prices and exchange rates

\$: Including debt forgiveness of non-ODA claims in 1992, except for total DAC. See Technical Notes on Definitions and Measurement.

<sup>46</sup> [http://www.oecd.org/document/9/0,2340,en\\_2649\\_34447\\_1893129\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/9/0,2340,en_2649_34447_1893129_1_1_1_1,00.html)



**Table 9 ODA Percentage of GNI by DAC Member Countries**

(%)

	1987-88 Average	1992-1993 Average	1999	2000	2001	2002	2003
Australia	0.41	0.36	0.26	0.27	0.25	0.26	0.25
Austria	0.21	0.11	0.24	0.23	0.34	0.26	0.20
Belgium	0.44	0.39	0.30	0.36	0.37	0.43	0.60
Canada	0.48	0.46	0.28	0.25	0.22	0.28	0.24
Denmark	0.88	1.03	1.01	1.06	1.03	0.96	0.84
Finland	0.55	0.56	0.33	0.31	0.32	0.35	0.35
France	0.59	0.63	0.39	0.32	0.32	0.38	0.41
Germany	0.39	0.36	0.26	0.27	0.27	0.27	0.28
Greece	..	..	0.15	0.20	0.17	0.21	0.21
Ireland	0.20	0.18	0.31	0.29	0.33	0.40	0.39
Italy	0.37	0.33	0.15	0.13	0.15	0.20	0.17
Japan	0.31	0.28	0.27	0.28	0.23	0.23	0.20
Luxembourg	0.19	0.31	0.66	0.71	0.76	0.77	0.81
Netherlands	0.98	0.84	0.79	0.84	0.82	0.81	0.80
New Zealand	0.27	0.25	0.27	0.25	0.25	0.22	0.23
Norway	1.11	1.09	0.88	0.76	0.80	0.89	0.92
Portugal	0.16	0.31	0.26	0.26	0.25	0.27	0.22
Spain	0.08	0.27	0.23	0.22	0.30	0.26	0.23
Sweden	0.87	1.01	0.70	0.80	0.77	0.84	0.79
Switzerland	0.31	0.39	0.35	0.34	0.34	0.32	0.39
United Kingdom	0.30	0.31	0.24	0.32	0.32	0.31	0.34
United States	0.21	0.17	0.10	0.10	0.11	0.13	0.15
<b>TOTAL DAC</b>	<b>0.33</b>	<b>0.31</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>	<b>0.23</b>	<b>0.25</b>
<i>of which:</i>							
<b>EU Members</b>	0.44	0.44	0.32	0.32	0.33	0.35	0.35
<i>Memo:</i>							
<b>Average Country Effort</b>	0.44	0.46	0.38	0.39	0.40	0.41	0.41

Source: OECD, Aid Statistics, Statistical Annex of the 2004 Development Co-operation Report<sup>47</sup>

Note: Net disbursements at current prices and exchange rates

<sup>47</sup> [http://www.oecd.org/document/9/0,2340,en\\_2649\\_34447\\_1893129\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/9/0,2340,en_2649_34447_1893129_1_1_1_1,00.html)

## Box 2

### Latest Publications on Migration and Remittances

In autumn 2005, two comprehensive reports were published with regards to international migration and remittances. They have very high profiles by their background and the authors involved in the publications. Because of the limited time allowed for the detailed examination on the whole contents, we will just focus on describing the outline of the reports.

**Global Commission on International Migration (GCIM),  
*Migration In An Interconnected World: New Directions For Action,*  
October 2005**

GCIM was launched by the United Nations Secretary-General Kofi Annan and a number of governments on December 2003. Based in Geneva, GCIM was independent and was given the mandate to provide the framework for the formulation of a coherent, comprehensive and global response to the issue of international migration. This report was presented to UN Secretary-General, UN Members States and other stakeholders in October 2005.

GCIM announced that international migrants send home remittances of about US\$ 240 billion every year, based on recent World Bank figures. Also, the report says that the number of international migrants has increased from 75 to some 200 million in the past 30 years and continues to grow. It says that the international community has failed to realize the full potential of migration and has not risen to the many opportunities and challenges it presents. It recommends bringing together the heads of organizations involved in migration, in order to coordinate worldwide immigration policies, and stresses the need for greater coherence, cooperation and capacity to achieve more effective governance of international migration.

The report presents six principles for policy approaches: 1) addressing the role of migrants in a globalizing labor market; 2) migration and development; 3) irregular migration; 4) migrants in society; 5) the human rights of migrants; and 5) the governance of migration. It also presents thirty-three related recommendations that can serve as a guide to the formulation of migration policies at the national, regional and global levels.

Source:

- GCIM web-sites <http://www.gcim.org/en/>
- *The World Bank Headline News, October 6, 2005*

**Caglar Ozden and Maurice Schiff eds.  
*International Migration, Remittances and the Brain Drain*  
The World Bank and Palgrave Macmillan, October 2005**

This World Bank report, edited by two Bank economists, draws upon data from 30 OECD member countries that include detailed analysis of household survey data in Mexico, Guatemala and the Philippines. It documents a troubling pattern of brain drain, the flight of skilled middle-class workers who could help lift their countries out of poverty. And while the exact effects are still little understood, there is a growing sense among

economists that such migration plays a crucial role in a country's development. This analysis reveals that the families whose members include migrants living abroad have higher incomes than those with no migrants, and concludes that remittances reduce poverty and increase spending on education, health and investment. The currently estimated 200 million people living in the countries other than where they were born is expected to rise as expected labor shortages set in.

In terms of numbers, the World Bank report demonstrates that many countries in Central America and Sub-Saharan Africa, as well as some island nations in the Caribbean and Pacific, show rates of migration among professionals over 50%, whereas bigger countries like China and India only have 3 to 5 % of graduates abroad. In Sub-Saharan Africa, although skilled workers account for just 4% of the region's labor force, they account for 40% of its migrants. Ghana has the highest percentage of professionals in Africa working abroad, at 46.9%. In Haiti and Jamaica, a whopping 8 out of 10 persons with college degrees live outside their country.

Source:

- *The World Bank Headline News, October 25, 2005*
- *The complete report could be downloadable at the World Bank website whose URL is listed below:  
[http://wdsbeta.worldbank.org/external/default/WDSContentServer/IW3P/IB/2005/10/21/000012009\\_20051021094619/Rendered/PDF/339880rev.pdf](http://wdsbeta.worldbank.org/external/default/WDSContentServer/IW3P/IB/2005/10/21/000012009_20051021094619/Rendered/PDF/339880rev.pdf)*

## **3-2 Theories and Empirical Evidences**

It is not a complicated task to understand the volume of remittances, its potential role in development, and political contexts surrounding the discourse behind growing research demand. On the contrary, it is quite a challenge to examine and put in order previous studies on theories and empirical evidences because international migration, by nature, is a highly complex and multidimensional phenomenon with rapidly changing situations and there are a number of disagreements, even on what seems to be a fundamental assertion such as the supposition of the link between international migration and development. What are the fundamental logic and major theories that international migration has a positive effect on poverty reduction? What are the empirical evidences? Are there any studies against the theories? What is not known and where are the discrepancies in the literature?

### **3-2-1 Effects on the Migrants**

Through examination of various accounts, it can be summarized that most assertions are based on two types of theory. One is that through migrating to MDCs migrants will be direct beneficiary for economic betterments. This is because international migrants themselves are often economically disadvantageous. In other words, labor migration to MDCs has a direct effect on reducing the number of people in poverty in LDCs. Indeed, there is a widely spread perception that voluntary migration

between poor and rich countries almost always benefits the individual migrant, who may easily find him/herself earning in an hour what he/she used to earn in a day in his/her home country.<sup>48</sup> Various empirical studies, such as Oded Stark's Mexican study, found that migrants tend to be poor.<sup>49</sup>

However, this is still highly controversial because other studies show that the emigrants are not always the poorest of the poor, but are often people with high educational backgrounds.<sup>50</sup> For instance, Charles Stahl, one of the most prominent migration scholars, wrote in 1982 that the people who could emigrate abroad often belong to the upper class families because they could afford the huge cost of emigration and that as a result the effect of international migration on the poor is limited.<sup>51</sup> Another study on emigrants leaving Thailand found that before the emigration most emigrant workers used to earn the level of income much above the average and had education above the high school level. In fact, **Table 6** shows that immigrants in the OECD countries are not necessarily from the countries that suffer poverty the most. This is partly because the high brokerage and travel expenses that the brokers levy on the emigration need to be borne by the emigrants. Due to the small sample size and place-specific case studies, however, it is hard to generalize both sides of arguments.

### **3-2-2 Effects of Remittances on the Economy**

Another type of theory, which is more accepted recently, is based on the migration's indirect effect on easing poverty. This assumes that an increase in the number of international labor migrants leads to an increase in the volume of remittances, which in turn makes a positive impact on the economic development and then helps to alleviate poverty.<sup>52</sup> This explains why there is a great interest in remittances. This hypothesis is increasingly dominant, partly due to the recent World Bank's empirical study, "International Migration, Remittances, and Poverty in Developing Countries."<sup>53</sup> This study, conducted by a part of Poverty Reduction and Economic Management (PREM) group in 2003, is probably one of the most cited and influential reports because it is the first, as the author self-claims, large scale international survey investigating whether remittances make an impact on poverty.<sup>54</sup> The macro statistical analysis of 78 developing countries concludes that international migration has a strong statistical impact on reducing poverty. It found that on average, a 10 % increase in the share of international migrants in a home country's population will lead to a 1.9 % decline in the share of people

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<sup>48</sup> Newland (2003)

<sup>49</sup> Stark (1993), p140.

<sup>50</sup> Ito and Chunjitkaruna (2001)

<sup>51</sup> Stahl (1982)

<sup>52</sup> It is true that poverty can be both a cause and an outcome of international labor migration. It can be seen as a cause for international labor migration, as discussed in the case of the U.S. coherent policies towards Mexican workers. At the same time, poverty can be seen as an outcome while migration makes impact on. However, to avoid confusion and derailment, this report focuses on the poverty as an outcome or dependent variable of international migration. Thus, this report discusses how international migration, an independent influencing variable, affects the level of poverty in LDCs, a dependent influenced variable.

<sup>53</sup> Adams and Page (2003)

<sup>54</sup> *Ibid.*, p. 2

living in poverty (US\$ 1/person/day).<sup>55</sup> Given the well research design and solid quantitative analysis, it is understandable that the study has been extensively cited in international reports and became one of the major evidences to back up the optimistic view of the remittance's impact on poverty.

Nevertheless, there have been some studies with quite opposite findings. The latest reliable research is an IMF Working Paper published in 2003.<sup>56</sup> The study was based on an economic model and quantitative analysis of a large sampling of countries. It aimed to examine the possibility of remittances as a source for capital formation for economic development in LDCs. The study found that unlike private capital flows, remittances are often compensatory in nature and are not used for productive investments, but mostly for consumption. The most striking was the conclusion that the remittances have even a negative impact on economic growth and cause moral hazard problems.<sup>57</sup> In addition, authors insisted that even the right policies would not be able to facilitate remittances for economic growth because transforming the very nature of remittances from compensatory transfers to investments seems quite a difficult task. Although it did not explicitly state that remittances have a negative effect on poverty reduction, the findings are just the opposite of the World Bank. The implication of this study is extremely large and significant considering the quality of the study and the unexpected findings as well as the fact that the IMF undertook this study. Another recent research, conducted for the Danish government, also concluded that there was no direct link between poverty, economic development, population growth, social and political change on the one hand and international migration on the other.<sup>58</sup>

Similarly, studies by Oberai, Singh, Durand and Giani found that remittances are spent mostly on consumption not investment but on purchasing houses and lands.<sup>59</sup> Furthermore, Sofranko and Idris found that remittances are not invested into actual businesses, implying that unlike what other studies indicate the effect of remittances is not multiplying even in broader economic scale.<sup>60</sup>

In summary, although there is a growing number of studies based on the second type of theory, the link between migration and development is not conclusive and still complex and ambiguous, as Skeldon, an expert on migration and development in Asia, implies that there are still strong disagreements among researchers.<sup>61</sup>

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<sup>55</sup> *Ibid.*, p. 1

<sup>56</sup> Chami et al. (2003)

<sup>57</sup> *Ibid.*, p. 2, p. 21

<sup>58</sup> Newland (2003)

<sup>59</sup> Meyers (1998)

<sup>60</sup> Sofranko and Idris (1999)

<sup>61</sup> Department for International Development, SLSO-ASREP Lunchtime Seminar, 11 December 2002, London, given by Professor Ronald Skeldon 'Migration And Poverty: An Introduction To The Issues'  
[http://www.livelihoods.org/hot\\_topics/docs/Migr\\_111202.doc](http://www.livelihoods.org/hot_topics/docs/Migr_111202.doc)

It is quite interesting to note that in general researches mostly from 2002, 2003, and 2004 support that remittances have a positive effect on poverty, whereas those against are from the 1970s to 1990s, though both camps are based on reliable and empirical evidences. As Jorgen Carling mentions those from academic fields especially influenced by dependency theory in the 1970s and 1980s tend to take more pessimistic and cautious positions on the causal relationship between remittances and poverty.

### **3-3 Issues for Further Investigation**

Though critical examination is vital in any research, it is not the intention of this report to undermine the findings of previous studies. In addition, due to the absence of extensive research, this study is not capable of being judgmental on the discussions above. Rather, the purpose here is to understand what is not known from the previous studies and what needs to be known in the broader picture in order to create the environment susceptible to policy interventions. There are several areas that are not conclusive and need more careful consideration and further investigation for policy recommendations.

#### **3-3-1 Causal Relationship Between Remittances and Poverty Reduction**

The first issue which lacks consensus in the past studies is the causal relationship and mechanism how remittances actually make a positive impact on reducing poverty. As mentioned, the argument of the pro-remittance researchers postulate is that an increase in the number of international labor migrants leads to an increase in the volume of remittances, which in turn makes a favorable impact on the economic development and therefore helps to alleviate poverty. However, there are some questions regarding this theory.

First, as discussed in 2-1-3, the data on migration is not reliable and comparable, and the definition of migrants is fragile. Skeldon, looking at the migration data in Asia, points out that both terms, ‘migration’ and ‘poverty’, are difficult semantically: both are intuitively obvious but in practice have proved notoriously difficult to define and to measure accurately.<sup>62</sup> Many migration studies, in fact, use migration data arbitrarily. In addition, data on remittances is also not adequate. In short, if variables to examine are not concrete, it is hard to measure, compare, and reach a sound conclusion.

Second, the volume of migrant workers is not necessarily equal to the amount of remittances because of the variety of factors such as the wage and unemployment rates in the host countries. In fact, a large portion of immigrant workers in the host countries are unskilled, and as a result, they tend to work in low wage jobs such as 3D jobs and earn less than the nationals, and most importantly, they are vulnerable to unemployment, as shown in **Table 4**. This means that even if there is an increase in the number of migrant workers, there may not be an increase in the volume of remittances.

Another issue is that even if a large portion of remittances is observed, if it is not spent efficiently and effectively, on productive investment, remittances do not necessarily contribute to economic development and poverty reduction. Papademetriou argues that to appreciate how remittances affect

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<sup>62</sup> Skeldon (2002)

the overall structure of a remittance-dependent country, one must determine: whether or not such funds are used productively; whether such uses are linked to other processes and larger social and economic activities, and; whether and how these funds affect the living standards of the migrant household and the community's income distribution.<sup>63</sup> In some cases, the inflow of money has led to inflation, disadvantaging non-migrant families.<sup>64</sup> In fact, many migrant workers and their families do not have information and knowledge to wisely use the money earned overseas, as is illustrated later in the case study of Thailand. In this regard, factors such as transnational network are becoming essential in linking migration with development and poverty because they could determine the level of effective and efficient use of remittances and the patterns.<sup>65</sup>

Furthermore, economic growth and development, even if brought about by remittances, may not always be pro-poor. Since many migrants are not from poor families and therefore the receivers of remittances are not the poor in LDCs, despite the conventional wisdom, it is reasonable to presume that multiplying effect of remittances only may be limited to the middle and upper income families, not the lowest of the low income families. This seems even more appealing when consumption on luxurious goods is the major pattern in the expenditure of remittance in LDCs.<sup>66</sup> Unless more direct evidences such as creation of jobs for the poor by the remittances are proved, it is hard to conclude that remittances directly contribute to poverty reduction. In fact, chain migration from areas where poverty is common, which implies that remittances may be a sufficient factor for development, but not essential.

If migrant workers who earn a small amount of income lose their jobs due to the sluggish economy of the host country but still have to send money to their families, relatives and friends at home, then, even if the remittances offer a positive influence on the recipients, they may have a negative economic impact on the senders, migrant workers. In other words, with the heavy burden of remittances, migrant workers could face severe economic hardships in the host countries and therefore it is possible that some of them could even fall into poverty before going back home. This sign has already been observed on migrant workers from countries such as the Philippines and Thailand, as there are huge pressures on the migrant workers abroad to remit a considerable amount of money home regardless of how much they earn in the host countries.<sup>67</sup>

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<sup>63</sup> Papademetriou (1998)

<sup>64</sup> Castles and Miller (1998), p. 148

<sup>65</sup> Newland (2003)

<sup>66</sup> Castles and Miller (1998), p. 148

<sup>67</sup> Interview with Ms. Lucita S. Lazo, former Permanent Secretary of the Ministry of the Labor in the Philippines, UNIFEM, Bangkok, December 2004

Lastly, the importance of the policies on migration and development should also be re-examined. It is possible to think that the “right” policies could make a considerable difference in the outcome of specific goals including development. However, given the cross-border nature of international migration and the fact that many governments have trouble in implementing effective immigration policies to control the flow, it is also reasonable to suspect to what extent official immigration policies can intervene and generate favorable results. Cornelius et. al. insists that migration policies have repeatedly failed in the achievement of their claimed goals.<sup>68</sup> If the policy effectiveness is not clear, then, it is hard to determine how much political resources should be allocated into this. This area of discussions requires further thoughts and examination.

Although there are empirical studies with evidences to support a correlation between remittances and poverty reduction, more in-depth studies on the cause-effect mechanism are needed because this causation is not straightforward but indirect, ambivalent, and complex with a number of confounding factors and lack of reliable data.

### 3-3-2 Complex Nature of the Impact on Poverty

The second group of issues is concerned with the problems on concept and definition of poverty. In most studies, poverty, whether absolute or relative, is discussed, by and large, in economic terms. The commonly used definition is the OECD’s definition of US\$ 1 per person per day. This has to do with the fact that most researchers who are interested in migration’s effect on poverty are development economists. Unlike traditional and narrow definition, however, in the development community, poverty is increasingly recognized as an intricate and multidimensional issue. Indeed, the United Nations Development Programme (UNDP) proposes a new view on poverty in which poverty is a state of being unable to obtain even the basic services or things such as education, employment, food, health care, safe water, housing and energy.<sup>69</sup> Even the World Bank in its *World Development Report 2000/2001* describes poverty as lack of opportunity, lack of security and lack of empowerment.<sup>70</sup> If this kind of human capability concept of poverty is applied in the international labor migration-poverty discourse, then it should be recognized that labor migration and its remittances could bring a variety of impacts including non-economic ones that may have both positive and negative impact on poverty. Some of the issues to be given serious consideration are following:

- **Disparity:** Remittances, when they are not efficiently utilized and its multiplying effect to the poor is small, contribute to a considerable degree of income disparity between those who went abroad for work and sent large remittances; those who went abroad but sent small remittances; and

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<sup>68</sup> Cornelius et al.(1994)

<sup>69</sup> UNDP Web Site

<sup>70</sup> World Bank (2000)



those who did not go abroad. This inequality could in turn cause a serious adverse effect on the community capacity to escape from poverty. Poverty is not an individual but rather a collective issue, and there are a lot of parts the local communities could play and therefore an inequality disintegrates communities into classes and deteriorates the resource to combat poverty.<sup>71</sup>

- **Dependency:** Many migrant exporting communities do not have capability to manage a massive flow of remittances. Thus, remittances could make people heavily dependent and take away the opportunities for empowerment for independence, unless adequate knowledge and information to link them with development.
- **Family Cohesion:** As female migrants are becoming the important players in international migration, leaving home and not being able to take care of their children have significant adverse effects on the mother-child relationship. However, both consideration and studies on migration impact on family cohesion are very scarce.
- **Political Participation:** Political participations are curial in escaping from poverty but labor migration to MDCs often takes away the valuable opportunities to articulate voices and interests of the poor because most are away from home and can not vote.
- **Agriculture:** Many migrants are ex-farmers. While they are away, many of them have to sell or leave their lands. When they return, however, the lands are in someone's hands or are not for cultivation due to abandonment.

Though illustrated very briefly, it at least captures the fact that issues around migration impact on poverty are highly complex, and as poverty is most likely to be discussed in such a multidimensional context, a comprehensive examination of various factors and variables is necessary. For instance, there needs a cost-benefit analysis on both economic and non-economic variables as impacts of poverty, between different comparable groups such as between skilled and unskilled workers; between temporary and permanent; between those who migrate and those who remain home; and between the families who receive remittances and those who do not. It is important to keep in mind that migration has both positive and negative effects on development.

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<sup>71</sup> Development Research Centre on Migration, Globalization and Poverty. Web Pages

### 3-3-3 Brain Drain

In any reasonable inquiry on influences of international migration on development and poverty, the issues regarding brain drain are indispensable. In spite of great attention and coverage made by media and researchers, the actual effects of brain drain are still vague. In the development context, brain drain refers to a considerable volume of cross-border movements by qualified personnel, often university-educated, emigrating out of LDCs, with skills, technology and knowledge that would have been valuable and made constructive impacts on development if they had remained home otherwise. The range of professions is quite wide, but mostly includes health, medical, engineering, education and computer jobs. Many studies point out that the primary cause of brain drain could be actual or perceived gaps between MDCs and LDCs in wage, employment, training opportunities, equipment, work condition and tax burden, although various transnational ties between exporting and importing countries such as language commonality are increasingly seen as an important factor to determine the volume and patterns of brain drain,

The conventional views and many past studies discuss brain drain with a negative connotation for development. Studies reveal that brain drain is a loss of human capital which makes considerable negative and often detrimental impacts on development that are not only economic and financial but also institutional and societal.<sup>72</sup> It is also considered a loss of various kinds of accumulated resources and investments that had been put, often at the expense of other limited and valuable ones in LDCs.<sup>73</sup> In fact, the study of brain drain started around the 1960s when a loss of skilled migrants out of India became a major threat to the capabilities for development in the country.<sup>74</sup> Today, many studies are conducted on brain drain especially that of Africa, as it is often represented as the most affected. For instance, the UN Economic Commission for Africa (ECA) warns that in 25 years, Africa will be empty of drains, reflecting the growing alarm over Africa's increasing exodus of human capital.<sup>75</sup> Other international organizations such as IOM similarly claim that emigration of African professionals to the West is one of the greatest obstacles to Africa's development.<sup>76</sup> Most MDCs are considered as the beneficiaries of brain drain. For instance, U.K. heavily relies on doctors and nurses from Africa.<sup>77</sup>

However, recent studies show brain drain may not be as serious as studies have claimed because of multiple aspects to the issue. A study conducted in 2003 by the World Bank looked at the profile of qualified people from LDCs to MDCs and concluded that not all LDCs had their best educated taken away by migration.<sup>78</sup> In fact, studying the cases for 24 labor exporting countries, it found that while

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<sup>72</sup> Fourie and Joubert (1998)

<sup>73</sup> Rosenbaum et al. (1990), p. 267

<sup>74</sup> Gaillard and Gaillard (1997), p. 201.

<sup>75</sup> Tebeje (2005)

<sup>76</sup> *Ibid.*

<sup>77</sup> Castles and Miller (1998), p. 73

<sup>78</sup> Adams (2003).

migrants were well-educated, international migration did not tend to take a very high proportion of the best educated. For 22 of the 33 countries in which educational attainment data could be estimated, less than 10 % of the best educated (tertiary-educated) population of labor-exporting countries had migrated. However, there are also brain drains suffering countries especially in Latin America that send skilled workers to the United States. Thus, the World Bank suggested that proximity between exporting and importing countries might matter with who would migrate among skilled workers.

Other studies indicate that brain drain has mixed impacts, as it is analyzed in different time framework and perspectives. It is true that qualified workers tend to stay longer and work in the host country for a considerable period of time. Many of them have family and settle down as permanent residents or even obtain citizenship especially in Europe and North America. However, there are also those who choose to return home even after a long stay in the host country. In fact, experts point out that many skilled workers in Asia tend to return home eventually.<sup>79</sup> Furthermore, when they return, they bring with them resources that could foster development in their home countries. For instance, Castle & Miller claims that skilled migrants bring their experiences and trained skills back home.<sup>80</sup> Much of experiences and knowledge would not have been acquired if the migrants had stayed in LDCs. In addition, while skilled migrants are in the host countries, they could build human connections and networks which could facilitate investment and trade activities with their home. Compared to unskilled workers, many of these migrants have more freedom because of their financial betterments and higher mobility so that they could go back and forth between home and host countries. In fact, taking up the case of migration of Asian skilled workers to Silicon Valley in the United States, Saxenian argues that brain drain no longer conveys the full story of foreign-born residents working in the Silicon Valley, and she proposed “brain circulation” instead.<sup>81</sup> According to her, brain circulation would be more evocative of more recent trends whereby immigrants, particularly from Asia, study and work in the United States for a certain amount of time and then return or commute regularly between their Asian homes and the Silicon Valley.<sup>82</sup> This kind of transnational movement is taking place in many parts of the world and could help to bridge MDCs and LDCs and contribute to strengthening cooperation, especially in economic arena, serving as a catalyst for a range of activities including investments beneficial for development of LDCs, along with the financial resources that the returnees may bring home. In addition, through returning migrants, their home countries may transform values from conservative to liberal, and socio-economic system from closed to more open. This could play an intangible but important role in development. Judging whether such positive influences exceed negative impacts that other studies point out is such a challenging project. For one idea, it needs a longitudinal study with good statistical data, which is quite scarce in current literature, hindered by the fact that there is no

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<sup>79</sup> Saxenian (2000)

<sup>80</sup> Castles and Miller (1998), p. 156

<sup>81</sup> Saxenian (2000).

<sup>82</sup> *Ibid.*

uniform system of statistics on the number and characteristics of international migrants.<sup>83</sup> What also needs to know is the brain drain effect is context- and country- specific. For instance, in countries where particular professions are emigrating abroad although they are in the desperate need for the sake of development domestically, the problem may be taken more seriously and its impact is larger than in other countries where the same professions may be in surplus or do not play a significant role in development as much.

Despite mixed impacts that brain drain may generate, still remains the fact that some countries seriously suffer from brain drain. In order to tackle the problem, there are policies and programs around the world to reverse brain drain or transform it to “brain gain.” For instance, IOM, an organization that has been active in combating brain drain, has started a scheme some years ago, “Migration for Development in Africa (MIDA),” including a well-known program “Return of Qualified Human Resources Program” a capacity-building program, aiming to mobilize competencies acquired by African nationals abroad for the benefit of Africa’s development.<sup>84</sup> Despite the five-year efforts from 1993 to 1998, this program ended up without much success, due to the vast costs to bring skilled workers back home.<sup>85</sup> Therefore, there is a growing agreement in the international community that the strategy to combat brain drain needs to shift to a more sustainable way by allowing skilled Africans working abroad to contribute to the development of their home countries without giving up the better salaries and lifestyles that they left to pursue.<sup>86</sup> Under this philosophy, IOM looks at three possibilities: *temporary return*, *virtual return* and *economic return*. For instance, under the *temporary return* plan, a doctor would be assisted to return home to teach, perform operations or share skills for a finite period.<sup>87</sup> If successful, skills and experiences could be shared by labor-exporting countries in a sustainable manner. Meanwhile *virtual return* or *virtual linkages*, through the independent, non-political and non-profit networks that will facilitate skill transfer and capacity-building, is another idea which is becoming popular recently and seems to have potential.<sup>88</sup> According to the International Development Research Centre (IDRC), these networks mobilize skilled Diaspora members’ expertise for the development process in their countries of origin. To date, 41 virtual networks in 30 different countries have been identified. Six of these are African, including the South African Network of Skills Abroad (SANSA) with members in 68 countries.<sup>89</sup> Finally, *economic return* is an investment in the country of migration origin, in this case, southern African nations, made by and from the business groups of African nationals who are currently successful abroad. This can be a great opportunity for the overseas

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<sup>83</sup> Carrington and Detragiache (1999)

<sup>84</sup> Description of Migration for Development in Africa (MIDA) is available at <http://www.iom.int/MIDA/>. Please note that the main thrust of MIDA program was the measures to bring the migrant workers from Africa back to their originating countries.

<sup>85</sup> Selassie (2002)

<sup>86</sup> *Ibid.*

<sup>87</sup> *Ibid.*

<sup>88</sup> *Ibid.*

<sup>89</sup> *Ibid.*

migrants to hook up with the domestic investment agencies to contribute to the economic development without physically returning home.<sup>90</sup>

Solutions to brain drain are not limited to Africa. Countries such as Columbia also adopted a similar strategy and claimed to have been successful.<sup>91</sup> In Asia, there are several reverse drain networks that rely on the Diaspora approach, supported by business sectors and NGOs, with some assistance from the home government. For instance, Choi argues that reverse brain drain is a result of systematic efforts either by the government or the private sector.<sup>92</sup> The serious commitment of governments in Asia to utilize human resources abroad has been one of the most effective ways to attract top-ranked researchers from abroad, either with permanent or temporary appointments. In the Caribbean, where migration of qualified personnel, especially engineers and health professionals, to North America is becoming a severe setback for development, there has been an idea of “Fixed Period Migration,” proposed by a senior economist at ILO.<sup>93</sup> According to Ajit Ghose, ILO economist, in collaboration with national governments, this aims to limit international migration of qualified personnel to migrate for settlement purposes. **Table 10** shows that the various networks around the world have potential to help solving the brain drain.

It is also important to note that return of skilled migrants may be encouraged not only by the measures taken by the home LDCs, but also by that of the host counties. Factors such as job market, visa issuance, and social conditions in destination countries could well be reverse pushing factors for people to return home. For instance, since around 1999 and especially after September 11 in 2001, there has been a massive outflow of qualified professionals from the United States to India and Pakistan due to strict visa issuance policy in the U.S.<sup>94</sup>

Some accounts suggest that these programs are not achieving stated results. In case of Africa, it is said that efforts to stem Africa’s brain drain focusing on repatriation strategies were discouraging. Studies have shown that repatriation will not work so long as African governments fail to address the pull and push factors that influence emigration. Moreover, the relationship between African governments and the African Diaspora remained a major barrier to finding solutions. Since the lack of reliable program assessments, however, much of the effectiveness regarding various brain drain solving policies and programs is not yet conclusive.

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<sup>90</sup> *Ibid.*

<sup>91</sup> Meyer et al. (2000)

<sup>92</sup> Choi (2000)

<sup>93</sup> <http://www.caribbeannetnews.com/2003/09/22/migration.htm>

<sup>94</sup> Rubenstein (2001)

**Table 10 Diaspora Networks**

Country	Name of Network	Type of Network
Arab Countries	The Network of Arab Scientists and Technologists Abroad (ASTA)	Intell/Scien Diaspora Network
Argentina	Programa para la Vinculacion con Cientificos y Tecnicos Argentinos en el Ex terior (Program for the Linkage of Argentine Scientists and Technologists Abroad) (PROCITEXT)	Developing Intell/Scien Diaspora Network
Assam (India)	Transfer of Knowledge and Technology to Assam	TOKTEN Programme
China	Chinese Scholars Abroad (CHISA) Society of Chinese Bioscientists in America Chinese American Engineers and Scientists Association of Southern California (CESASC)	Student/Scholarly Network Local Association of Expatriates Local Association of Expatriates
Colombia	The Colombian Network of Researchers and Engineers Abroad (Red Caldas)	Intell/Scien Diaspora Network
El Salvador	Conectandonos al Futuro de El Salvador (Connecting to El Salvador's Future)	Developing Intell/Scien Diaspora Network
France	Frognet	Student/Scholarly Network
India	Silicon Valley Indian Professionals Association (SIPA)  Worldwide Indian Network The International Association of Scientists and Engineers and Technologists of Bharatiya Origin Interface for Non Resident Indian Scientists and Technologists Programme (INRIST)	Local Association of Expatriates Intell/Scien Diaspora Network Developing Intell/Scien Diaspora Network Developing Intell/Scien Diaspora Networks
Iran	The Iranian Scholars Scientific Information Network	Intell/Scien Diaspora Network
Ireland	The Irish Research Scientists' Association (IRSA)	Intell/Scien Diaspora Network
Japan	Japanese Associate Network (JANET)	Student/Scholarly Network
Republic of Kenya	Association of Kenyans Abroad (AKA)	Developing Intell/Scien Diaspora Network
Korea	Korean Scientists Engineers Association of Sacramento Valley The Global Korean Network	Local Association of Expatriates Intell/Scien Diaspora Network
Latin America	Asociation I.attino-americaine de Scientifiques (Latin American Association of Scientists) (ALAS)	Intell/Scien Diaspora Network
Lebanon	TOKTEN for Lebanon	TOKTEN Programme
Morocco	Moroccan Association of Researchers and Scholars Abroad (MARS)	Student/Scholarl Network
Nigeria	Association of Nigerians Abroad (A.N.A)	Intell/Scien Diaspora Network
Norway	Association of Norwegian Students	Student/Scholarly Network
Pakistan	Return of Qualified Expatriate Nationals to Pakistan	TOKTEN Programme
Palestine	Programme of Assistance to the Palestine People	TOKTEN Programme
Peru	Red Cientifica Peruana (Peruvian Scientific Network)	Developing Intell/Scien Diaspora Network
Philippines	Brain Gain Network (BGN)	Intell/Scien Diaspora Network
Poland	The Polish Scientists Abroad	Intell/Scien Diaspora Network
Romania	The Forum for Science and Reform (FORS)	Developing Intell/Scien Diaspora Network
South Africa	The South African Network of Skills Abroad (SANSA)	Intell/Scien Diaspora Network
Thailand	The Reverse Brain Drain Project (RBD) Association of Thai Professionals in America and Canada (ATPAC) The Association of Thai Professionals in Europe (ATPER) The Association of Thai Professionals in Japan (ATPIJ)	Developing Intell/Scien. Diaspora Network Intell/Scien Diaspora Network Intell/Scien Diaspora Network Intell/Scien Diaspora Network
Tunisia	The Tunisian Scientific Consortium (TSC)	Intell/Scien Diaspora Network
Uruguay	Red Academica Uruguaya (Uruguayan Academic Network)	Developing Intell/Scien Diaspora Network
Venezuela	In Contact with Venezuela El Programa Talento Venezolano en el Exterior (Program of Venezuelan Talents Abroad) (TALVEN)	Developing Intell/Scien Diaspora Networks

Note: Replication from Mercy Brown

Source: Mercy Brown. Using the Intellectual Diaspora to Reverse the Brain Drain

[http://64.233.167.104/search?q=cache:VCIDM0JN\\_wEJ:www.uneca.org/eca\\_resources/Conference\\_Reports\\_and\\_Other\\_Documents/brain\\_drain/word\\_documents/brown.doc+reverse+brain+drain+latin+america&hl=ja](http://64.233.167.104/search?q=cache:VCIDM0JN_wEJ:www.uneca.org/eca_resources/Conference_Reports_and_Other_Documents/brain_drain/word_documents/brown.doc+reverse+brain+drain+latin+america&hl=ja)

In summary, despite the conventional argument, it is important to note that brain drain has mixed, both negative and positive, impacts on development. This provides some useful implications for a way of thinking regarding how to approach the brain drain issue of JICA counterparts who leave office after taking a technical training program in Japan.

### **3-3-4 Lack in Migration Research on Asia**

Previous studies on remittances and poverty have focused on the migration flows into Europe and North America. As modern migration flows to those regions are mostly from the Middle East, Africa, Latin America, and limited parts in Asia such as India, there has been a lack in migration research on Asia. For instance, considering the high reputation of the World Bank study, as cited above, it is quite unfortunate that the study did not take into consideration migration flows to the destinations in Asia and the Arab Gulf, due to the lack of accurate data. As international migration in Asia is booming and the migration in this region tends to be within short distance and intra-regional, the importance of countries such as India, Thailand, and Malaysia as major migration destinations is growing, and therefore it is quite significant to examine international migration to those countries and its impact on development and poverty. Recently, research network among international migration such as Asian Pacific Migration Research Network (APMRN), a part of United Nations Educational, Scientific, and Cultural Organization (UNESCO) research network project, has been formed in order to bring scholars of different disciplines to set up a common research agenda in both sending and receiving countries.<sup>95</sup> However, the literature especially on international migration and development in Asia is still insufficient. In order for context- and place-specific researches to come up with practical recommendations, there should be more research on this region.

Concluding this section, it can be pointed out that since the 1960s there have been researches on migration, development, remittances, and poverty. To generalize the past studies roughly, it can be summarized that most discussions have been centered on the relationship between international migration and economic development, rather than poverty reduction, and except for some studies there was less focus on the role of remittances in development. Most importantly, studies up until the 1990s did not provide concrete and practical policy recommendations because of the lack of international political interests in the issues.

Then, especially since 2002, an overwhelming number of reports, articles, and statements have been published by MDC governments, LDC governments, aid agencies, NGOs, and mass media, reflecting the high level of attention to this topic in development community.<sup>96</sup> Most of the recent

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<sup>95</sup> More information available at APMRN's webpage <http://www.unesco.org/most/apmrn.htm>

<sup>96</sup> In fact, through electronic database search, it was found that there are at least 50 reports and articles on the theme published between 2001 and 2005, from almost all major international organizations and national aid agencies.

studies assert that there is a great potential for migration to have positive effects on reducing poverty. Due to the efforts and resources put into empirical studies by a variety of parties, it is true that some parts of the nexus between labor migration, remittances, development, and poverty have been becoming more visible than before. Yet, it is also true that much is still unknown and evidences are open for more triangulation from different angles. In fact, as discussed above, there are several important issues to be considered more carefully such as complex causality, multidimensionality of poverty, brain drain, and geographical imbalance in the studies. Also, what seemed to be a negative impact on development in the beginning such as brain drain could turn into a positive impact such as transnational networks years later. On the quite contrary, what seems to be a positive impact now such as massive inflow of remittance, could turn out to be a negative impact in a long term such as external dependency. In short, the relationship among migration, remittance, development and poverty is highly complex and indecisive.



## Chapter 4 Critical Examination of Commitment to Development Index

### 4-1 CDI and Migration Component

How do those theories and empirical studies, reflecting growing interests, expectations and optimism in the potential of using international migration as a development resource, make a difference for Japan? The research's most relevant impact on Japan may be the creation of new knowledge which evaluates the policies towards international migration in the development context. This is a newly developed ranking system which rates the OECD migration policies in the context of commitment to development in LDCs. This is known as a migration sub-component of the "Commitment to Development Index (CDI)," which was proposed by the Center for Global Development (CGD) and *Foreign Policy* (FP) magazine in 2003. As this index ranks Japan at the bottom and encourages more assertive migration policies, it is important for us to examine what this CDI is; how reliable and valid it is; and what alternative measurements should be proposed for the migration part of CDI.

In 2003, CGD and FP magazine in its May/June edition published the prototype of CDI under the special report titled "Ranking the Rich," which numerically evaluates how committed the rich countries are in terms of policies helping the "poor" countries and how coherent their policy package is. The index attempted to rate the various policies of twenty-one DAC member countries including Japan. Through a set of components, CDI ranked countries by the average points in an integrated scale. According to the CGD/FP report, the purposes for the index were: to draw media attention, provoke debate, educate the public and policy makers, stimulate data collection, and highlight the discrepancy in knowledge.<sup>97</sup> The revised CDI in April 2004 includes seven components: aid, trade, investment, technology, security, environment and migration,<sup>98</sup> and the latest CDI is the one published in September 2005. The migration component can be further broken into three major measurements. They are the standardized ratings based on the number of migrants, international students and trainees, and refugees from non-DAC countries, and the ratio of migrant workers to the natives in labor market.<sup>99</sup>

Against conventional wisdom and images, there are a number of surprises in the ranking. What struck Japan most is the fact that the country ranked the lowest in overall score in both 2003 and 2004 edition. **Table 11, 12, and 13** show the overall results in 2003 and 2004. Migration component seems to play a large role in leaving Japan at the bottom because in migration index Japan is far behind the average. In fact, while the average score of all compared countries in both 2003 and 2004 was 5.0,

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<sup>97</sup> Roodman (2004), p. 1

<sup>98</sup> The major revision in index component made in 2004 edition was: 1) Environment component was added to 2004 edition and 2) Peacekeeping component in 2003 was expended and categorized under security component in 2004.

<sup>99</sup> The stock in 2003 edition and inflow in 2004 edition was used for legal migrants. CDI 2005 also uses the inflow of legal immigrants as an indicator of the pro-poor immigration policy.

Japan scored only 2.0 in 2003 and 1.9 in 2004. The highest rating was given to New Zealand with 11.3 in 2003 while that was Canada with 11.2 in 2004. As a result, Japan ended up at the bottom in 2003, 2004 and 2005. In particular, the score on refugees seriously affects the Japanese position, as the country accepts a small number of refugees in comparison to other MDCs.

As this grading is highly publicized through influential international public media such as the *Economist*, the *New York Times*, and the BBC, it has come to give an image which may well be enhanced among international community as well as the general public. This, in turn, could become a pressure on the process of the migration policy formulation in some countries.<sup>100</sup> In fact, according to the 2004 CDI report, the Dutch government has adopted it as a performance indicator of its “policy coherence” for development.<sup>101</sup>

**Table 11 CDI 2004 Results**

RESULTS										
RANK	COUNTRY	AID	INVESTMENT	MIGRATION	ENVIRONMENT	SECURITY	TECHNOLOGY	TRADE	AVG.	2003 RANK*
1	Netherland	11.2	6.7	5.9	5.3	6.4	5.5	5.9	6.7	1
1	Denmark	12.3	4.8	6.1	5.7	7.1	5.0	5.8	6.7	2
3	Sweden	12.4	3.8	5.1	5.8	4.5	5.7	5.8	6.1	8
4	Australia	2.9	6.5	8.8	3.3	9.0	6.4	4.4	5.9	19
4	United Kingdom	4.8	6.4	4.4	5.8	9.1	4.7	5.8	5.9	11
6	Canada	3.6	6.3	11.2	2.9	4.3	6.6	5.7	5.8	18
7	United States	1.9	5.6	10.5	2.3	4.9	5.5	6.7	5.3	20
7	Germany	3.9	6.7	6.1	6.1	2.9	5.6	5.8	5.3	6
7	Norway	10.6	5.3	4.9	4.0	9.3	5.5	-2.7	5.3	10
7	France	6.0	4.7	2.7	5.9	5.6	6.1	5.8	5.3	14
11	Finland	5.0	5.1	2.6	5.0	6.7	6.3	5.7	5.2	17
12	Austria	3.7	4.4	2.9	6.1	3.1	6.9	5.8	4.7	9
13	Belgium	6.0	4.3	2.6	5.9	4.0	3.4	5.8	4.6	12
14	Portugal	2.3	5.6	2.8	5.4	5.2	4.5	5.8	4.5	3
14	Italy	2.8	5.3	3.6	5.5	3.6	4.7	5.9	4.5	15
16	New Zealand	0.8	2.9	5.0	4.7	6.7	4.1	5.9	4.3	4
17	Greece	1.8	4.1	6.2	4.7	4.0	2.5	5.8	4.1	13
18	Ireland	3.0	2.7	5.8	2.8	5.5	2.0	5.8	3.9	15
18	Switzerland	5.8	4.7	3.6	7.9	0.7	4.5	0.3	3.9	5
20	Spain	2.0	4.5	2.3	5.5	2.0	4.0	5.8	3.7	6
21	Japan	2.4	4.6	1.9	4.5	0.4	5.4	3.4	3.2	21

\*2003 Ranks calculated using 2003 method

Source: <http://www.cgdev.org/doc/cdi/CDI2004scores.pdf>

Note: Replication

<sup>100</sup> Roodman (2004)

<sup>101</sup> *Ibid.*

**Table 12 CDI 2003 Results**

RESULTS							
MAIN INDICATOR	AID	TRADE	INVESTMENT	MIGRATION	PEACEKEEPING	ENVIRONMENT	AVERAGE
	Aid Quantity	Import Barriers	Foreign Direct Investment	Legal Immigrants	People and \$ Contributions	Greenhouse Gas Emissions	
Netherlands	6.9	7.0	6.1	4.5	3.5	5.7	5.6
Denmark	9.0	6.8	1.0	4.4	7.1	5.0	5.5
Portugal	2.2	6.9	9.0	1.0	6.8	5.1	5.2
New Zealand	1.7	7.2	2.3	9.0	6.9	3.4	5.1
Switzerland	3.3	4.0	6.3	9.0	0.1	7.2	5.0
Germany	2.1	6.8	1.4	8.1	3.8	6.0	4.7
Spain	2.4	6.8	8.2	1.8	2.9	6.0	4.7
Sweden	7.0	6.9	1.8	3.9	1.3	6.1	4.5
Austria	2.8	6.8	2.6	6.5	2.6	5.4	4.4
Norway	6.6	1.0	3.5	4.6	7.4	2.8	4.3
United Kingdom	3.0	6.9	3.4	3.1	3.6	5.0	4.2
Belgium	3.5	6.7	1.4	4.5	3.5	4.5	4.0
Greece	1.5	6.7	0.0	1.6	9.0	4.6	3.9
France	3.1	6.8	1.7	0.8	5.2	4.9	3.8
Italy	1.4	7.0	1.5	1.1	5.3	5.3	3.6
Ireland	2.6	6.6	2.3	4.5	3.7	1.6	3.6
Finland	3.0	6.5	1.7	1.3	2.9	5.4	3.5
Canada	1.7	6.6	2.1	6.1	2.4	1.7	3.4
Australia	1.7	7.2	1.6	3.7	2.8	1.8	3.2
United States	0.8	7.7	2.0	2.3	1.5	1.0	2.6
Japan	1.2	4.6	2.8	1.5	0.5	4.0	2.4

Source: <http://www.cgdev.org/doc/cdi/CDI2003scores.pdf>

Note: Replication

**Table 13 Brief Comparison of CDI Rankings in 2003 and 2004**

COMPARISON OF 2003 AND 2004 DATA USING 2004 METHODOLOGY					
2003 DATA			2004 DATA		
RANK	COUNTRY		RANK	COUNTRY	
1	Denmark	6.9	1	Netherlands	6.7
2	Netherlands	6.7	1	Denmark	6.7
3	Australia	5.9	3	Sweden	6.1
3	Sweden	5.9	4	Australia	5.9
5	United Kingdom	5.7	4	United Kingdom	5.9
5	Canada	5.7	6	Canada	5.8
7	United States	5.3	7	United States	5.3
8	Finland	5.2	7	Germany	5.3
8	Germany	5.2	7	Norway	5.3
10	Norway	5.0	7	France	5.3
11	France	4.7	11	Finland	5.2
12	Austria	4.4	12	Austria	4.7
12	Portugal	4.4	13	Belgium	4.6
14	Belgium	4.3	14	Portugal	4.5
15	New Zealand	4.2	14	Italy	4.5
15	Italy	4.2	16	New Zealand	4.3
17	Greece	4.0	17	Greece	4.1
18	Ireland	3.8	18	Ireland	3.9
19	Spain	3.7	18	Switzerland	3.9
20	Switzerland	3.5	20	Spain	3.7
21	Japan	3.3	21	Japan	3.2

Source: [http://www.cgdev.org/section/initiatives/\\_active/cdi](http://www.cgdev.org/section/initiatives/_active/cdi)

Note: Replication

## **4-2 Critical Review**

Although the main purpose of this ranking is to send out the messages that helping is more than about aid, as it claims so, if the argument is not valid and reliable enough with rigid evidences, then, the result, due to its sensationalism, could mislead policy makers to erroneous directions. Unfortunately, contrary to the wide publicity, there have been very limited accounts that critically examined its validity and reliability. Therefore, a careful investigation should be conducted on how reliable and valid the migration component of CDI is. If this project is meaningful in the first place, then what alternative ideas and methodologies need to be proposed?

### **4-2-1 Rank by the Number of Immigrants Accepted**

Flaws with CDI, especially the migration component, are everywhere and easily identifiable. First of all, contrary to the claim of the report, it evaluates by the number of immigrants but not by the impact of immigration policies taken by the host government on the development in LDCs. It is true that a high number of migrants from LDCs could assume a high degree of openness in immigration policies in MDCs, and thus, for one impact, more remittances may be sent home. Yet, this needs a more careful consideration. In many host countries a large portion of immigration takes place despite national immigration policies. At the moment the effectiveness of immigration policies on international migration is still debatable and thus there is a doubt how relevant an immigration policy of any country is anyway in assessing the impact on development in LDCs. Before even looking at the immigration policies as a resource, there should be at least some studies to prove that policies do have significant impacts on international migration, remittances, skill transfer, and development. Second, if the main project is to evaluate the impact of immigration policies, then, the index component should show the mechanism of relationship between the immigration policies and intermediary factors associated with impacts on development, such as remittances or skill transfer, not the number of immigrants accepted. In other words, instead of ranking the countries in terms of the number of immigrants they have accepted, the index, for instance, should measure the effectiveness of the immigration policies in encouraging remittances for the investment purposes that contribute to more job creation for those living in poverty and how such policies have helped to reduce poverty in the targeted country, region or area. In this case, analysis should be conducted in both qualitative and quantitative manners rather than quantitative only because the most important task is to establish the causal mechanism among different variables. As a result, combined with the problems in data reliability and comparability, the very idea that the number of immigrants in MDCs reflects the impact of immigration policies on development in LDCs is questionable.

### **4-2-2 Inclusion of Immigrants**

In addition, as many countries have issues of integrating immigrants in the society, the number of immigrants does not reveal the complex social and legal conditions surrounding them, which are quite

essential in human capacity concept of poverty. For instance, many countries have open immigration policies, but they do not provide adequate legal frameworks to protect the rights of immigrant workers from discrimination, minimum wage, and health insurance issues, and so forth. In fact, numerous indicators, ranging from income to political and health, indicate that immigrant workers are often the most vulnerable and the least privileged minority in almost all the host countries. Data on inflow of international migration tells only a small part of immigration policies. Without addressing such complex issues more extensively, the ranking based on the crude data on immigration numbers can be deceptive. Therefore, simply encouraging international migration without adequate protections could lead to irrational policies.

#### **4-2-3 Weakness in Consideration to Policy Coherence**

Another difficulty in taking CDI as a reliable index is its weakness in its consideration to the policy coherence. CDI claims that it evaluates various policies in an integrated scale. Although this project is quite meaningful, CDI actually does not tell much about policy coherence *per se* because the average of various index components does not necessarily mean how coherent various policies are to achieve certain goals. From the view of international migration and poverty reduction, for instance, if a country obtains an extremely high migration score, it could be considered having a strong policy coherence due to a high average score, even if it gets a low aid score (for its high proportion of tied aid or low grant element), and a low trade score (for its limited market access for imports). In short, this high average score does not necessarily ascertain that this country has a strong policy consistency towards reducing poverty. More importantly, migration index could have a number of political implications. In other words, by insisting the high average score as a strong policy coherence of an MDC, policy makers could rationalize international migration and remittance as replacement of ODA and legitimize aid reduction. If the policy coherence is to be measured in more rigid way, then, it first has to identify which specific goals their policies are targeting as well. More logically sound formula has to be introduced and that is likely to change the whole rankings of the rich countries. Moreover, as discussed in section 2-2-4, even in case the country has a high immigration score, if the immigration policies do not offer a particular consideration to the poverty in LDCs, such as offering a preferential treatment to the immigrants from poor countries, then, these policies may not be so relevant for poverty reduction and therefore should not be considered coherent. In any event, it is hard from averaging out indexes to assess the impact of immigration policies of host countries on the development of home countries in relation to other policies.

#### **4-2-4 Brain Drain**

As mentioned in the previous section, brain drain, especially that of health professionals and its impact on health sector in LDCs is increasingly an imperative subject in migration research. In fact, there have been systematic programs to recruit skilled health workers for Canada, U.K., and the United

States, and Africa is said to be most negatively affected by this movement.<sup>102</sup> However, both 2003 and 2004 editions of CDI do not seem to take up this issue seriously. In fact, the word, “health” or “medicine/medical,” does not appear in the 2004 edition and also in the migration component paper which the edition is based on, though there are some descriptions about doctors and nurses leaving the LDCs. It is not true that brain drain always has negative impacts on development and the issues are not conclusive. As discussed, brain drain could have long-term positive impacts on development. However, the fact that the migration component does not provide any serious consideration on this issue damages the reliability of the whole component.

#### **4-2-5 Weights Allocation**

Within the migration component of CDI, the biggest problem is the allocation of weights placed on the number of immigrant workers (65 %), international students and trainees (15 %), and refugees (20 %). To put simply, it is hard to find the rational and empirical evidences to support these specific weight allocation. In fact, the migration component report does not offer any logical explanation how an immigrant worker has a more profound effect on development or poverty eradication than an international student/trainee or a refugee. This allocation issue is quite fundamental because of its sensitivity in which even a slight change in the allocation affects the whole ranking of any country quite considerably. While Japan ranks the first in the openness to international students/trainees, it ranks the bottom in the overall migrant component because the weight is placed only 15 % on that sub-group. However, if, for instance, the weight increased to 35 % on students/trainees, 45 % on migrant workers, and unchanged 20 % on refugees, then the overall score for Japan would jump from 1.9 to 3.1, while that for Ireland which scores the least in international students/trainees would go down from 5.8 to 4.8.

Similar criticism can be made towards weighting among the seven sub-components. Again, there needs a lot of logical thoughts and empirical evidences to justify how a score on aid policies in one country could be interpreted as exactly equal to that on immigration policies in another country. Without hard evidences, any weight allocation can be considered superficial and seriously damage the validity and reliability of the whole index.

#### **4-2-6 International Students and Trainees**

In addition, the migration component categorizes both international students and trainees under the same group. However, these two types of immigrants may have quite opposite impacts on development and poverty. It can be argued, for instance, that international students in MDCs are a sign of brain drain, not a sign of development for their home countries because many of them tend to stay longer and get a permanent job in MDCs even after completing their education.<sup>103</sup> On the other hand,

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<sup>102</sup> IDRC CRDI WebPages

<sup>103</sup> Johnson (2000)

trainees may have more positive impacts on the economies of home LDCs because most of them, in the case of trainees in Japan in particular, return home with new skills and knowledge that could play an important role in development. Also, despite the conventional image on international migrants, it can be said that many of international students, especially those in higher education, are from the privileged classes and do not have much to do with poverty in the first place. This is especially true in the case of foreign students in the United States, where 67.3 % of all international students in 2003 and 2004 rely on personal and family funds.<sup>104</sup> It is hard to think that those on private funding are from the poor families. Because of the lack in data or the reliability of data available, it is not very certain how much such argument is valid. However, it can be said that the present migration component, though there is some consideration on brain drain of international students, has weakness in the assumptions on the patterns of different groups in international migration and their impacts on development and poverty, and therefore there should be more in-depth studies.

### **4-3 Alternative Ideas**

Suppose international migration does have positive impacts on development and poverty reduction, some kinds of measurements are necessary to assess how effective the policies are, and the methodology of the migration component is to be improved, then what alternative ideas should be proposed that are meaningful and useful for policy makers? As discussed, an improved measurement, whatever formula, model, or theory it is based on, should attempt to reflect the complexity of international migration and incorporate multidimensional factors and issues reviewed. More specifically, a few issues below should be well thought-out as a potential suggestion for filling the gap in the existing component.

Firstly, analysis on brain drain be included regardless of the nature of impacts, negative or positive or both. For instance, any governmental participation and involvement that encourage and strengthen the Diaspora network of skilled workers between host and home countries could be highly scored.

Secondly, policies and legal frameworks in host MDCs which encourage importing skilled workers should also be included in the score but with a great caution. This ranges from issuance of working visa to special privileged schemes towards skilled workers whose home countries suffer considerably in development due to their migration. Second, the policies that encourage training which help technology, skill and knowledge transfer from MDCs to LDCs should be a sub-component of migration measurement. For instance, host government training programs or schemes which invite people from LDCs and provide them with benefits which could be used for development of the home LDCs may be a good indicator to assess how strong the policies in MDCs are committed to help LDCs

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<sup>104</sup> IIE (2004)

to develop through population movement.

Thirdly, another consideration needs to be made for the amount of financial contributions and the degree of human resources contributions that MDCs make to various international organizations such as IOM and ILO that work on issues in international migration and supposedly make positive impacts on the development of LDCs. Policies in some MDCs may not be direct in helping to achieve favorable goals that migration or remittances could bring to development, but MDCs may contribute to the activities of intermediary organizations through financial, personnel, and organizational support.

Fourthly, if remittances are supposed to be playing a primary role in development, then, policy efforts to reduce various costs such as the recruitment commissions and the charges on remittances should also be taken into account in migration component.

And finally, legal framework to provide protections for the immigrant workers in the host countries is also an additional perspective that the component should take on the issue of international migration and development.

Open migration policies should not be automatically translated into a better environment for migrant workers and their well-beings. More general policies effects on development such as policy coherence among policies of migration, aid, trade and investment, should be evaluated in more quantitatively rigorous model. In addition, a project to evaluate such a complex phenomenon as international migration and development, quantitative methodology alone may not be enough. Qualitative researches, which establish a well-founded causality among different variables, should be well conducted and combined with quantitative research.

Lastly, most analyses are based on the data collected always from government agencies and therefore are subject for intentional categorization. Analyzing data and accounts from NGOs and private sectors should also be given a serious consideration especially for the LDCs, as the government data on development in LDCs is often unreliable.

The review of CDI in relations to the researches discussed in the previous section gives us a lot of implications. This is because it reveals an interesting overview of how scientific arguments that remittances do make positive effects on poverty are combined with particular political interests and contexts, influences the ways in which aid performance is evaluated, and encourages and justifies an assertive migration policy, which perfectly fits with the consensus in the OECD countries that international migration is unstoppable. In other words, studies produce new knowledge about migration and development.



International migration is a highly complex phenomenon which involves with not only economic but also with social, cultural, political, medical, and gender issues at different levels and scales, and bring both negative and positive effects mixed inexplicitly. (See **Table 14**) Combining already mingled global issues with development and poverty, which are also highly complex, and evaluating them together country by country, need further in-depth studies and careful cross-examination from experts with different backgrounds, to reach any conclusion.

**Table 14 Major Effects of International Migration on the Migrants Sending Community**

	<b>Positive</b>	<b>Negative</b>
<b>Economic</b>	Sending remittances, brining home business know-how and skills acquired abroad	Widening the inequality between families of migrants and those of non-migrants, lowering agricultural productivity and disintegration of existing economic systems such as subsistent economy
<b>Social</b>	Bringing home new social connections such as business connections	Disintegration of community network and alienation from existing social network
<b>Cultural</b>	Bringing home multicultural awareness and diverse values	Losing traditional customs and values, spread of extravagante lifestyle due to rapid flows of remittances
<b>Political</b>	Brining home more democratic values	Lowering the participation rate in important decision making processes
<b>Medical/Health</b>	Adapting and brining home positive health behaviors such as sanitation	Introducing unmet new infectious diseases
<b>Gender</b>	Women becoming more proactive and independent	Weakening the ties between mothers and their children

Source: created by the author

## **Chapter 5 Case Study: Impacts of Migration on Thailand**

### **5-1 Background**

As illustrated, there is a growing volume of literature reflecting the interests in international labor migration and its impact on poverty reduction. However, past studies have mostly stemmed from migration destination countries of the OECD, specifically Western Europe and the North America. Perspectives from migration sending countries in Asia have not been fully articulated. For other characteristics, past researches rely mostly on quantitative analysis, often initiated by development economists, and perform statistical analyses with cross-national macro data, collected from governmental agencies and international organizations in the MDCs. This orientation has hidden the complexity of the issues such as causal relationship, illustrated in the previous chapters. In other words, more topic specific qualitative studies that reflect perspectives from sending countries such as in Asia have been neglected.

This section, presenting Thailand as a case study, aims to fill in those gaps in the research community. At the same time, it attempts to triangulate with hands-on knowledge which the various theses discussed in the previous sections and show the complexity of international migration and poverty reduction, in order to ring a bell to the simplified index such as CDI. The research is conducted through; 1) capturing the key factors on the theme, not only economic but also non-economic, that may have been limited in the previous studies oriented by macro quantitative methodology; and 2) reflecting voices and articulating interests from the actors in migration sending countries such as academics, local officials, returned migrants, and migrant families.

Due to the qualitative nature of research and the limited number of interviewees, about 30 people, however, the views expressed in this study may not be generalized and not representative to other countries. In addition, due to the limited samples for cross-examination, some data may not be truthful to reflect the reality in details. However, as this report showed in the previous sections that the relationship between international migration and poverty reduction is a highly contextual and country specific issue, it is also true that an investigation of case study like this could be a great merit to reveal a number of key issues that have been hidden in macro quantitative studies. In fact, since a great deal of uncertainty exists in research community, this study, even the sample size is small and findings are not conclusive, could certainly add to the existing knowledge in both conceptual framework and empirical evidences.

There are some expected benefits by taking Thailand as a case study. First, for many years Thailand has been playing a leading role in international migration in Asia. On one hand, Thailand has been the major labor exporting country over the last 30 years, mostly as migrant workers, but also

students and trainees. In recent years, between 1996 and 2001 an average of about 200,000 Thai migrant workers went overseas annually, and currently 550,000 registered and roughly 1 million (estimated) unregistered Thai nationals are working abroad in over 20 countries around the world.<sup>105</sup> On the other hand, Thailand has been the major destination for neighboring countries, Myanmar, Laos, and Cambodia, not only for migrant workers, but also for asylum seekers due to the long history of political instability in the region. Combining both inflow and outflow of the international migrants makes Thailand the largest migration country in Asia in immigrant-native population ratio and it has literally become the center of population movement in the region.<sup>106</sup> Therefore, accumulated experiences and knowledge on population movement both in private and public sectors in this country could be utilized as valuable lesson materials.

Second, Thailand's per capita income has reached US\$ 2,000 in 2002 and has become so-called a middle income country. Yet, there is still a great disparity among the regions in the country. In fact, per capita income in the northeast region, so-called *Isaan*, where this case study took place, accounts only about 52 % of the national average and estimated 9.9 million people still live under poverty in 2001.<sup>107</sup> Although many of the labor exporting countries in Asia are advancing to this level of economic development, poverty still is a great problem in the region. In this respect, Thailand could be a relatively well represented case to other countries in terms of the process in which how the relationship between international migration and its impact on development and poverty has changed.

Another reason to study Thailand is its volume of overseas remittances. According to Stalker's guide to International Migration, at least US\$ 1.25 billion of remittances were sent to Thailand through official banking channels in 2001.<sup>108</sup> With this volume, Thailand ranks the 15<sup>th</sup> in the world and the 2<sup>nd</sup> in Southeast Asia after the Philippines. (See **Table 15**) According to IOM, this is the equivalent to 32.8 % of all FDI to the country.<sup>109</sup> It is true that the absolute amount of remittances and its share in GDP are relatively smaller than those of other Asian countries such as the Philippines. Nonetheless, remittances to Thailand can still be considered an important financial resource, considering the fact that many of the country remittances are through informal channels due to the sizeable number of undocumented Thai migrant workers abroad including Japan and thus are not reported in official statistics. In addition, because most of the remittances from migrant workers are sent back to the economically disadvantaged region, *Isaan*, the role of remittances in development can be presumed large. Most importantly, despite above reasons, studies on international migration in Thai development context have been scarce.

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<sup>105</sup> IOM (2003b)

<sup>106</sup> Calculating from IOM (2003c), p. 16

<sup>107</sup> Investigated by NESDB, TDRI, <http://www.ilo.org/public/english/region/asro/bangkok/arm/tha.htm>

<sup>108</sup> [http://pstalker.com/migration/mg\\_stats\\_5.htm#](http://pstalker.com/migration/mg_stats_5.htm#) recreated from IMF Balance of Payments Statistics (2002) and UNDP Human Development Report (2002).

<sup>109</sup> IOM Web Pages

**Table 15 Developing Country Remittance Receivers in 2001**

Rank	Country	US\$ (million)	% in GDP	per capita (US\$)
1	Mexico	9,920	2	100
2	India*	9,119	2	9
3	Philippines	6,325	8	84
4	Morocco	3,234	10	108
5	Egypt	2,876	3	42
6	Turkey	2,786	1	42
7	Bangladesh	2,100	4	15
8	Dominican Republic	1,960	10	233
9	El Salvador	1,899	14	301
10	Jordan	1,818	22	371
11	Colombia	1,576	2	37
12	Pakistan	1,458	2	10
13	Ecuador	1,414	10	112
14	Yemen.	1,277	15	70
15	Thailand	1,252	1	20
16	Sri Lanka	1,122	7	59
17	Brazil	1,105	0	6
18	Indonesia	1,046	1	5
19	Tunisia	906	5	95
20	Jamaica	868	12	334
21	Poland	867	1	22
22	Sudan	737	6	24
23	Peru	716	1	28
24	Albania	699	18	225
25	Croatia	662	3	141
26	Guatemala	601	3	53
27	Honduras	540	9	84
28	Nicaragua	336	14	66
29	Republic of Korea	316	0	7
30	China	273	0	0
31	Paraguay	252	3	46
32	Moldova	184	14	43
33	Lesotho	184	20	92
34	Slovenia	172	1	86
35	Latvia	153	2	64
36	Russia	130	0	1
37	Nepal	123	2	5
38	Romania	111	0	5
39	Myanmar	105	—	2
40	Bolivia	99	1	12
41	Armenia	76	4	20
42	Uganda	74	1	3
43	Ukraine	56	0	1
44	Macedonia FYR	52	1	26
45	Lithuania	50	0	14
46	Costa Rica	49	0	12
47	Bulgaria	44	0	6
48	Hungary	40	0	4
49	Swaziland	38	3	42
50	Mongolia	21	2	8
51	Belarus	16	0	2
52	Kyrgyz Republic	10	1	2
53	Estonia	7	0	5
54	Ethiopia	4	0	0
55	Panama	3	0	1
56	Vanuatu	3	2	15
57	Lao People's Dem. Rep	1	0	0

Source: IMF Balance of Payments Statistics 2002 and UNDP Human Development Report 2002.

\*For India the data are for 2000

## 5-2 Methodology

This case study is based on interviews with a wide range of people who are considered the most knowledgeable and experienced to comment on the international migration, remittances, and the impact on development and poverty reduction. The interviewees include university academics such as economists and sociologists, development research experts, local officials in labor offices, recruitment company staff, local bankers, officials and experts in international organization and aid organization such as IOM, ILO, United Nations Development Fund for Women (UNIFEM) and JICA, returned migrants, departing migrant workers, families, relatives and friends of migrant workers who are currently overseas, and a village leader of a village where labor migration is extremely popular. (See Appendix).

It was conducted in December, 2004 in Bangkok and three provinces in the northeast of Thailand, namely, Buriram, Khon Kaen, and Udon Thani. (See **Figure 3**) The field research region, so-called *Isaan* for its unique cultural and historical characteristics, is the best study area because it is the largest migration sending area in the entire country and because the poverty rate, 24.5 %, is the highest in the country whose national average is 13.0 %.<sup>110</sup>

The interview conducted in semi-structured questionnaire included the following major items:

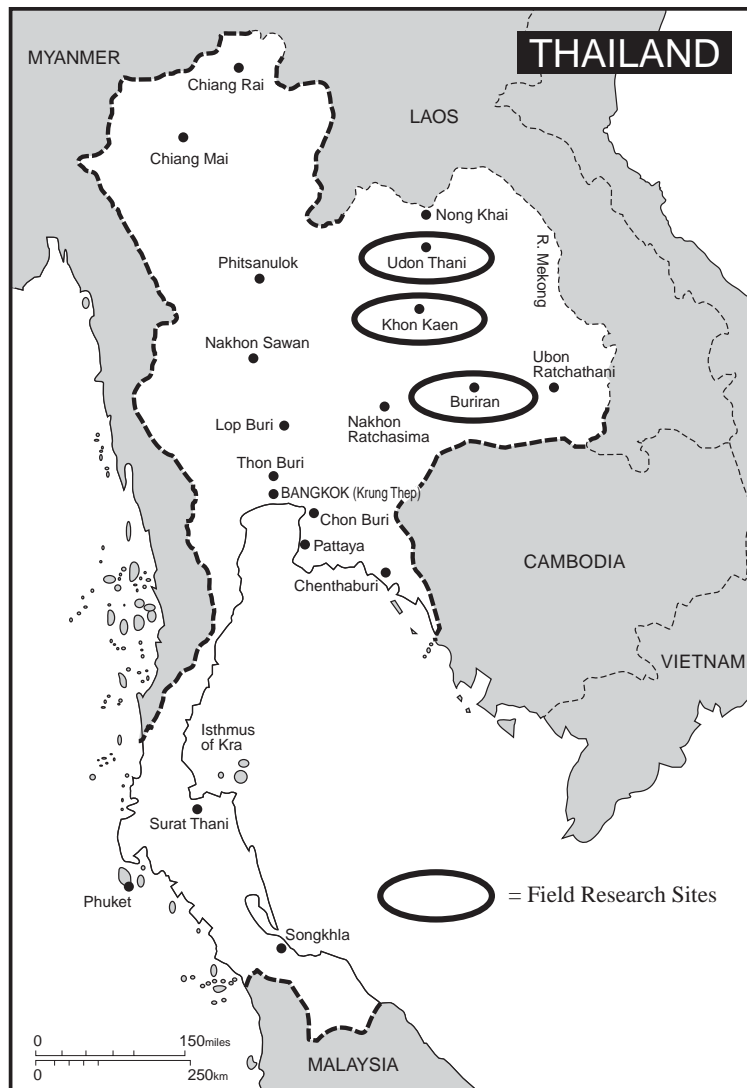
- Causal relationship between international migration, development and remittances,
- Usage of remittances,
- Hindering problems such as high recruitment fees, and
- Some other important issues

In *Isaan*, one professor who specializes in labor migration issues and two Thai national assistants from the local university who have some social research background joined the research in order to help interpret the findings in the local development context.

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<sup>110</sup> JICA (2003)

**Figure 3 Map of Thailand and Field Research Sites**



### 5-3 Findings

Researchers and international organization officials interviewed generally agreed that there is at least some link between international labor migration and development in Thailand. However, most of them cautioned that there is much room for examination as the mechanism, especially non-economic, seems quite complex, has not been fully understood, and the degree of impact is not known. When it comes to the effects of migration on reducing poverty, they were even more suspicious because of the lack of data on the profile of the migrants, difficulty to measure other various factors confounding affecting poverty reduction, and unproductive use of remittances. Although the data indicates that in the period of 1975 and 2000 the volume of labor migration went up while the percentage of poverty especially in *Isaan* went down. However, as there are a number of other factors to reduce poverty, it is hard to assess how much poverty reduction in Thailand was attributable to international migration.

### 5-3-1 Impact of Migration on Migrants

Also, there exist different views among those experts in Thailand with regards to the question if migration impacts on development are mostly direct on the migrants themselves or mostly indirect on the recipients of remittances such as their families, relatives, friends and the local economy in general. As Ms. Elizabeth Morris of ILO, Bangkok pointed out, migrant workers may not be the poorest of the poor, but the migrants themselves could benefit from labor migration. She commented that in general the income in destination is a tremendous opportunity for underprivileged people to improve and realize not only economic but also other social merits they would not have otherwise obtained had they stayed home. Despite the fact that not everyone gains the same benefits from labor migration, generally speaking, the gains far exceed costs. Similar views have been expressed in other interviews. On the contrary, some experts and a local official argued that Thai migrant workers going abroad are not the poorest of the poor. In fact, this was backed up by the evidences such as a study titled “Overview of Thai Migrant Workers in Japan” conducted by Asian Research Center for Migration (ARCM), Chulalongkorn University in Bangkok.<sup>111</sup> However, because there is no study based on randomized sampling on how many of the migrant workers from Thailand are the people from poverty, conclusion is hard to draw.

More importantly, Dr. Supang Chantavanich, prominent scholar on Thai migrant workers abroad, commented that whether the impact is positive on the lives of the particular migrant workers depends on a lot of factors and environment, such as the characteristics of the recruitment agencies. In fact, interviews with 5 returned migrants in a village in Baan Naa Kam Nooi village, Khon Kaen Province revealed that it is quite common for Thai migrant workers are cheated and thus not being able to earn the expected level of income and remittances. Although companies are supposed to be registered and regulated by the Ministry of Labor, there are many swindlers among recruitment agencies, especially in the case of undocumented workers due to their legal vulnerability.<sup>112</sup> In fact, some returned migrants told that they have been cheated several times. One migrant in Baan Chian Yuan village, Udon Thani Province claimed that he had been cheated three times during the last ten years and lost huge money which has not been collected yet. Proportion of unsuccessful cases like this among all migration is hard to estimate because only tinny cases of cheating were reported because the victims thought it was a shame and also they doubted the ability of the government offices to solve the problems. However, it is a widely spread perception in *Isaan* that international migration is a brave but risky decision to make despite the perceived opportunities abroad and positive images constructed and amplified by the recruitment agencies and the local media, as many have ended up with heavy debts and have become even poorer than before. This finding offers the counter-argument against the CDI supposition that the volume of international migrants in MDCs does not always mean the volume of remittance to LDCs,

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<sup>111</sup> Ito and Chuntjekaruna (2001)

<sup>112</sup> JIL Web Pages

because there are many unsuccessful cases in labor migration.

In this respect, experts, returned migrants and their families also pointed out the high recruitment commissions charged by the agents, for their travel and employment arrangement, as an important factor that could make labor migration unproductive. Although the recruitment company staff in *Isaan* insisted in the interview that anyone, even the poor, could go abroad because commissions are affordable and loan is available, the recruitment commissions usually range from three to ten times of the annual household income in the region. What is more problematic is that this kind of private channels encourages even those who do not have financial credibility adequate enough try to go abroad by borrowing heavily from the company, families, relatives and friends. In fact, as the recruitment agents interviewed admitted, there are about 300 recruitment companies in Thailand and the competition in *Isaan* is particularly intense. In addition, they run an aggressive marketing campaign especially in rural areas to persuade farmers to go abroad for work by promoting an image that labor migration brings poor people a better life. This is a legal and official channel that is certainly different from swindling. However, if many unexpected events took place in destination countries, such as job dismissal and health deterioration, many poor could end up with heavy debts and their capabilities might be affected as a result of migration.

Interestingly, although every returned migrant interviewed self-evaluated their migration as relatively successful, some mentioned that they do not think that their economic class has been changed between pre- and post-migration. Some answered that they still belonged to the middle or poor class. One mentioned that he has still been poor despite his migration. Asked why that is the case, they said that they still had to go abroad for money. Self-evaluation might not be reliable and accurate, but it could reveal the nature of the linkage of international migration and improvement of their life.

### **5-3-2 Use of Earned Proceeds**

Even in what seem to be successful labor migration cases, experts said that the role of remittances in economic development and poverty reduction is unclear and needs more careful examination. This is because most remittances are used for consumption, not for investment. When the returned migrants were asked what kind of expenditures they made with the money earned from migration, they answered that they mostly spent on daily expenses, house renovation, land acquisition, transportation, and electronic appliances, but not on investment or starting new business. Prof. Preeda Prapertchob at Khon Kane University and Mr. Seang Nboen Khowcikhit at Provincial Employment Services Office, Ministry of Labour, Udon Thani Province said that this is a major expenditure pattern of remittances, at least in *Isaan*. Also, the labor officers who know the migration situation in the area said that they do not see many Small and Medium Enterprises (SMEs) started by returned migrants or people who used remittances. Prof. Sumalee Pitayanon at Chulalongkorn University mentioned that starting new business is quite hard for returned migrants, even though they have enough financial resources because



they lack the knowledge and information about starting new business, because most of them have been farmers. Despite the claim of new economics theory on labor migration, our interviews revealed that migrant households do not consider migration as an opportunity to diversify risk and gain access to the capital needed for productive investment.<sup>113</sup>

Returned migrants said that even though they would like to start SMEs, they generally do not know what kind of business they can do, what kind of information they need, and where they can obtain it. In fact, the government does not provide SME training programs for returned migrants. Among the interviewees, there was a returned migrant who started a small mobile ice cream shop with the money he earned abroad. However, he told that the business know-how came mostly from his relative who already owned the similar business. He said that he would not have started his own business if he had not obtained a good help from his relative. In addition, because most of them were unskilled workers in construction and manufacturing industry in destination countries, the skills and knowledge that they earned are not directly applicable even to the same industries in Thailand.

It is not only the information and knowledge that they lack in order to make investment or initiate business. For instance, all the interviewed returned migrants are farmers, but they did not make new investment in agricultural equipments to expand production capacity, even if it was a feasible thing to do with an existing knowledge they had. One migrant said, that the reason they did not do it was the way they thought towards agriculture after coming back from migration. He told that after coming back from overseas, he started to feel that farming is not worth doing because of its heavy workload and relatively small income generated from it. He said that he still farms but that is just because he does not want to lose the land so that he could see it as a mortgage to borrow money to go abroad again. As a matter of fact, he is waiting for another opportunity to go abroad. As chain labor migration is very popular (though statistics is not available), it seems that remittances do not contribute to bringing the migrants a sustainable life at home.

In fact, though economic merits such as incomes and remittances gained from labor migration may be important for a certain period of time, incomes dependent on chain migration is hard to be a replacement for a long-term and sustainable income generation strategy such as agriculture. This is because most Thai migrants are employed as manual laborers in destination countries and those who are physically strong in the early 20s to late 30s are preferred in the labor markets. Therefore, as they get older, there will be a fewer opportunity for them to go abroad again and eventually they will have to stop it.

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<sup>113</sup> “Technical Symposium on International Migration and Development” United Nations General Assembly, Special Session on the International Conference on Population and Development (ICPD), The Hague, the Netherlands, 29 June-3 July 1998.

### **5-3-3 Social and Psychological Impact**

It is also important to note here that remittances generate unexpected outcomes. Some returned migrants confessed that when they returned home, their relatives and friends suddenly started coming and begging for financial support from him because they supposed that the returnees have a lot of money. They told that this perception often gets them into a variety of troubles such as loaning, drinking, and gambling. For instance, one of the interviewed confessed that he started gambling after returning from abroad due to a large sum of money he earned abroad. However, within a few months, he spent all his money and thus is now considering going abroad again. Inflow of financial resources into rural communities is seen as economic positive in terms of accessibility to capitals for investment and serves as a wealth distribution system in the community, if properly managed. However, as one village head said, the rapid changes of financial status put many returnees in a fragile position in the villages and the inequality between migrant households and non-migrants households weakens social cohesion.

### **5-3-4 Multiplying Effects on the Local Economy**

Also, in Thailand, there have been very few communities that collectively manage and mobilize the remittances for development purposes, often found in Mexico and the Philippines as “migrant community funds”. Some said that a lot of money in a short period of time brought them a bad luck, while others told that they used up the remittances within one or two years so they have to go overseas again because they did not have any plan on the money they earned. These stories may not be generalized and need further scientific clarification, but experts argue that this has been commonly observed for a long time in Thai migration scenes.

There are a few multiplying effects on the poor that seems to be generated from remittances, but they may be limited because of the compensatory nature of remittances. For instance, when migrants or recipients of remittances build or renovate their houses with the money they earned overseas, they tend to hire other people in the villages to help. However, they only hire a few people and the period is usually short. There may also be some relationship, as the local labor offices and banker see, between consumption and remittances, and thus its impact on the local economy in general may be positive. However, there has been virtually no empirical study so far to conclude, for instance, more jobs are created for the poor because of the inflow of remittances to the local economy.

### **5-3-5 Policy Response of the Thai Government**

Besides the small portion of remittances in relation to GDP, unlike the Philippines, this reality may to be one of the reasons why Thailand has been reluctant in policy to connect labor migration with development and poverty reduction. In fact, experts pointed out that there have been little expectations in the potential role of international migration in Thailand. In the past, Thailand has been preoccupied with the migrant workers coming into the country instead of those going out. Furthermore, regarding

those leaving the country, the protection of migrant workers from swindling has been the foremost policy task due to the growing number of troubles resulting from irregular migration.

However, responding to the global trends in international migration, some changes have been observed in recent years. The Thai government set up an office under the supervision of the Ministry of Labor, Thailand Overseas Employment Administration (TOEA), making a model of its neighbor, Philippines Overseas Employment Administration (POEA) which has more experiences in capitalizing the remittances in the national development. Although TOEA is still in the initial stage and their main activity is to provide employment information to match between employers and the job seekers, there seems to be mounting interests in the government in using remittances efficiently for regional economic development. At the moment, the pre-departure programs do not provide information regarding remittances, though there is a demand for information such as on SMEs.

### **5-3-6 Impact of Non-Economic Benefits**

Another area of disagreement among people interviewed is the impact of non-economic benefits that international migration could bring back home which in turn could help to reduce poverty. Some experts in the interview commented that although economic merits may be limited, non-economic benefits may well be larger and more important for the poor because they have potential to build capacity and enhance empowerment for poverty reduction. In fact, transfers of skills, technology, or even general knowledge obtained overseas could make a significantly positive impact on the lives of the migrants after returning from destination countries. For instance, Japan has been providing training programs for both Thai skilled and unskilled or semi-skilled workers by inviting them to Japan. Mr. Kazuhisa Ozawa, representative of a Japanese training organization, Association of Overseas Technical Scholarship (AOTS), in Bangkok told in the interview that the effects of technological and skill transfers on the Thai economy may be positive. However, he was suspicious about the training impact on the economy of the economically underdevelopment region such as *Isaan*. This is because their training is primarily targeted to those who work for Japanese companies and they are usually based in central region such as Bangkok and its suburb. Also, he pointed out that despite many trainees are originally from *Isaan*, they do not return to the region after training in Japan. Therefore, he thinks that most of them also do not start SMEs with the knowledge that they gained from Japan, but continue working in Japanese companies or Thai companies that have close relationship with the Japanese government. According to the finding, although Japan has been training unskilled workers from economically underdeveloped region such as *Isaan*, the transfer of knowledge and technology may not contribute to empowerment or capacity building of the poor in the region.

However, others pointed out that remittances make a great contribution to the educational attainment of the migrants' children. In fact, all returnees mentioned that they spent at least some money on education. One of them sent two of his children to university. He insisted that had he stayed in the

village, he could never have provided such an educational opportunity for his kids. This positive impact that remittances could bring may take some time to defuse but it is considerably a reliable way for empowerment of the poor which unfortunately has not been well addressed in policies in the country.

Another influence that should not to be overlooked is female labor migration. Following the global international migration trend, Thai women started leaving the country for overseas work for the last twenty years. In the 1970s, when Thailand sent the first groups of migrants abroad, workers were mostly men because most worked as manual laborers in the Middle East for “oil dollars”. As the destination shifted to East and Southeast Asia around the 1980s due to the economic booms in Newly Industrializing Economies (NIEs), women also joined men, going to Taiwan, Singapore, Japan, Malaysia, Hong Kong, and Brunei, for domestic and service industry. Women expected labor migration even more strongly as a vital way to escape from poverty and support their family members because of their deprived position. There are great merits of migration for them, such as financial independence and leadership.

However, it is also true that many are still swindled, get lured into sex related industry, are hurt both physically and psychologically, and end up with heavy debts. Even those who are successful in sending remittances home, their relationship with children and spouses often become unstable because of the separation. Men also suffer from the family separation, but because most of female migrant workers go abroad in their reproductive and child-bearing age, the impact on the psychological development of their children can be greater. In fact, there have been many cases of separation and divorces in rural areas which are directly or indirectly caused by international migration. It is true that communities become safety nets, so to speak, to take care of the babies and children of the mothers overseas. However, corresponding to the migration booms in the last three decades, such social capital has rapidly deteriorated as rural communities are disintegrated and social cohesion is weakened. Resettlement and reintegration for returned migrants, especially female returnees, is another important policy issue that is catching a great of attention in recent studies. In fact, they indicate that some women who have worked in sex related industry are seen inferior to women of other professions when they return home and thus tend to be isolated from their community. Though some women are successful in obtaining financial resources from abroad, they lose social capital that may be as equally important for capacity building and empowerment.

Although ILO claims that Thailand is facing the problem of emigration of skilled workers and students, experts such as Dr. Yongyut Chalaemwong of Thailand Development Research Institute (TDRI) commented that the brain drain has not been so severe yet, compared to other countries such as India and the Philippines.<sup>114</sup> This may be due to the fact that as a JICA expert pointed out, Thailand has

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<sup>114</sup> ILO. “Thailand” ILO Thirteenth Asian Regional Meeting Bangkok August 28-31, 2001. available at <http://www.ilo.org/public/english/region/asro/bangkok/arm/tha.htm>

failed upgrading the skills of the unskilled and semi-skilled migrant workers and is still predominantly exporting unskilled workers while gradually losing a comparative advantage in labor markets in MDCs, unlike those from their largest competitor, the Philippines. Other interviewees mentioned that English is a barrier for Thai workers, and even when Thai skilled workers go abroad, they tend not to settle down permanently but to come back eventually due to the cultural and emotional attachment to the home country. Yet, there are a few programs that facilitate skilled workers overseas to return or have constructive networks with home, though the capital flows through the network of overseas skilled workers back to Thailand are not considered significant.

#### **5-4 Conclusion**

Through interviews, this case study obtained valuable comments from experts and revealed real voices and experiences of returned migrants, providing hands-on insights for international migration and its impact on development and poverty reduction. The findings are cross-checked with the key issues that have emerged in literature in order to see if they correspond with the reality. The key findings are following.

Most interviewees agreed that there is at least some link between international migration and development in Thailand, but the relationship is vaguely understood because international migration is an extremely complex issue which generates diverse intangible and tangible effects that are often hard to measure. The impact on poverty reduction is questionable because the effect is indirect and covert, and the remittances are compensatory in nature, not well mobilized for investment, but wasted on consumption of unproductive goods. This may be because of lack of political commitment at both the governmental and community levels to adequately facilitate remittances for efficient use, though the interests in the potential use of remittances are rapidly growing in the government.

Some experts argued that there is a direct and observed positive impact on the migrants themselves because some poor people can also go abroad and most migrants could not have obtained such a level of income if they had stayed home. However, others pointed out the fact that migrants often bear the unsuccessful migration experiences, resulting from high recruitment commissions, swindling, heavy debts, and relatives and friends coming to ask for borrowing migrants' money. They are the key obstacles that make the outcome of labor migration less conducive to development. In fact, the returnees who were interviewed self-evaluated their migration not contributing to the improvement of their economic and social status.

On the other hand, most interviewees agreed that there are a wide range of positive effects that are not necessarily on the migrants but on their families, relatives and friends. For instance, experts and returned migrants refer to educational attainment of their children that should be highly appreciated for

empowerment and capacity building for the next generation.

However, there are quite a few other non-economic concerns that should not be overlooked because they could potentially offset the economic merits. Due to the drastic changes brought about by remittances and family separation, for instance, international migration could help to widen the inequality and weakens social cohesion in community. In addition, labor migration could also entice people, not only migrants, but also people close to them, to change their lifestyles to be dependent on the remittances and consumption for non-productive goods. However, the extent in which these effects make on empowerment and capacity building for poverty reduction is not known, and thus needs far more in-depth investigation.

There are some merit expected in skill, technology, and knowledge transfer from labor migration. However, it may not be as significant as anticipated because of the mismatch between the demand and supply in the job markets. In addition, although Japanese vocational training programs provide skills to Thai trainees, they are unrelated to poverty reduction because most of them keep working in urban areas. The impact of female migration should not be underestimated because its consequences may potentially weaken despite their increased independence and leadership.

Lastly, brain drain of skilled workers and its impact on the development is becoming a problem in Thailand, but its impact is yet to be seen due to the language barriers and the preference on working and returning to the home country. This partly describes the nature of Thai labor migration that the country has not been successful in upgrading their unskilled and semi-skilled workers abroad despite the long history of labor migration.

## Chapter 6 Conclusion

In the midst of growing interests in the role of remittances in international community, the purpose of this study was to organize and examine various intricate issues around international labor migration, remittances, and its effect on development and poverty.

This study started in Chapter 2 with reviewing current migratory situations as a background of the theme. At the global level, the most important current trends are: feminization, politicization, and for the OECD member countries such as Australia, France, Germany, the United States and U.K., an increase of illegal migration and trafficking. Through examining the most updated figures on international migration, trends in the OECD member countries can be briefly summarized as an increase in the overall volume of migration flows, particularly illegal immigration and labor immigration including both skilled and unskilled workers. This chapter also pointed out the data reliability and comparability issues that arise from differences in definition of migration and data compiling system that root in the migration history of each country. The weakness in data seriously deteriorates the quality of migration research, especially quantitative oriented statistical analysis. Description of the U.N. recommendation to overcome such weakness was also presented. There was also brief examination on the transformation of immigration policies on selected OECD member countries. Examining their immigration experiences revealed that selective policy is becoming a major trait in immigration policies in the OECD. Regarding the policy coherence, there have been some evidences such as in Australia and in the United States to suggest attempts to coordinate different policies in migration, aid and trade. However, the aim of the policy coherence was primarily for regional political stability and controlling the inflows of migrants to the countries, not for development or poverty reduction in the LDCs. However, politicization of international migration is becoming a growing trend in the OECD, due mainly to a growing concern over security issues.

Chapter 3 examined the political circumstances and scientific evidences behind the growing interests in the role of remittances in development and poverty reduction. First, it presented a range of expectations expressed in development community, identified the political incentives, and exemplified its implication in policy practices. Then, the reliability and validity of the theories and empirical studies, especially the fundamental assumptions on its effects, are critically examined through illustrating contesting views. It also identified specific areas and issues such as causal relationship, definition of poverty, brain drain, and geographical imbalance, which main stream literature has not been adequately addressed.

CDI, a noticeable output generated by political interests and research discussed in above section, was critically examined in Chapter 4 with a special attention to its implication for Japan. For instance, this chapter questioned the irrationality in the logical assumption that the number of international

migration equals to the degree of commitment to LDCs, the proposed way to assess the policy coherence, and arbitrariness of the migration component, especially in weighting. However, the chapter also recognized some achievements of CDI such as drawing media attention and thus offered a few alternative ideas to modify or improve the index. They include consideration for brain drain, legal and political framework, and transfer of skills and technology.

Chapter 5 took up Thailand as a case study. Through interviews in Bangkok and *Isaan*, the least economically developed and largest labor exporting region, this qualitative case study obtained valuable comments from experts and revealed real voices and experiences of returned migrants, in order to provide hands-on insights for international migration and its impact on development and poverty reduction. The findings are cross-checked with the key issues that have emerged in literature in order to see if they correspond with the reality.

## **6-1 Consensus and Disagreements in the Current Literature**

Based on a wide range of accounts, what is agreed in international community on international labor migration and its impact on development and poverty reduction? The following are the statements that have relatively undisputed consensus in international community.

One major consensus that is largely shared among the international community is that there is at least some indirect link between international migration and development in the developing countries. However, this link is highly complex and the cause-effect relation is not elucidated. With regards to remittances, they are becoming an important financial resource flowing from MDCs into LDCs and are seriously taken up in the latest literature. But there is also an agreement that remittances should be no replacement for the ODA flows from MDCs. If they are properly managed and fully utilized, remittances could have a great potential to give a positive impact on development in LDCs and the current literature points out that there should be a coordinated effort to identify and address the obstacles to remittances, such as high transaction fees. However, there need more studies and empirical evidences for the universally comparable and reliable data and definitions on international migration.

At the same time, there are still controversial issues. There is no or little direct link between international migration and development in LDCs. Also, the link between remittances and poverty reduction is still challenged with confronting findings. Whether the policy options of the rich countries contribute to such a favorable outcome as poverty reduction and to what extent they could are not known. This is because the role of policies of rich countries to transform the compensatory nature of remittances is doubtful.

Some of the important issues that have been neglected and thus need to be further explored and



evaluated include:

- Causal mechanism including a number of intermediary and confounding factors between international migration, development, and poverty reduction
- In-depth qualitative studies on international labor migration in Asia
- The relationship between international migration and international trade including the effectiveness of migration provisions in trade agreements in development
- Specific conditions that remittances become efficient and effective in development
- The role and effectiveness of various policies especially those in LDCs
- Social costs such as family separation and their impacts in relation to empowerment and capacity building of the poor after migrants returned
- The long-term impact of brain drain and the effectiveness of reverse brain drain or brain gain activities
- Not just the number but the circumstances of the international migrants admitted in MDCs including their unemployment status, integration, protection, psycho-social well-beings in destination countries

## **6-2 Implications for the JICA Programs**

With the high complexity of the brain drain-migration-development nexus presented, here this report offers important clues for the directions that JICA could take into considerations in the future programs regarding labor migration.

### **6-2-1 General Approaches to Migration and Brain Drain**

Migration has been long perceived with a mixed feeling among the JICA field operations. The operations have been affected by the frequent change of their counterpart personnel in the host government and in some cases their counterparts leave their office for a better employment opportunities abroad. The sudden loss of their counterparts may affect the efficiency and effectiveness of the JICA technical cooperation programs. In the technical cooperation in higher education and Technical Education and Vocational Training (TEVT), there is an assumption that the graduates will stay in the country and therefore contribute to the national development. But in some countries, which are characterized by its small economy and are not able to provide enough employment opportunities, the graduates who complete the higher education or TEVT may not stay in their country and then migrate to other countries for better job opportunities and higher wages. JICA tends to highlight the negative aspect of migration, such as the brain drain.

Despite this conventional image, however, the review of the current literature shows that migration does not always cause a negative impact on development, but generates both positive and negative effects depending on the context and country. For those countries that are highly dependent on the

remittances from the migrated workers, migration may be seen as a welcome phenomenon. If the migrated workers return home after they obtain advanced technical skills in the host countries, their knowledge and skills may contribute to the productivity enhancement in their home countries. However, this is highly dependent on the context of each case: If the migrants stay longer, the expected benefit for the sending country will be limited. If there is no enabling environment for the returned migrants to fully utilize their knowledge, skills and financial resources, the home countries are not able to enjoy the maximum benefit of domestic investments and productivity improvement. This implies that each case should be scrutinized so that JICA could come up with a specific attitude toward the migration.

The type, nature, direction and duration of migration depend not only on the wage difference, but also such non-economic factors as language proficiency, cultural similarity, and psychological attachment to the home country, as well as the existence of transnational network. This implies that if non-economic factors are evident, a wage raise for the counterparts of the JICA technical cooperation may be effective only temporarily. In fact, it may have little effect on preventing them from leaving the job and the country, and ends up with wage competition among employers.

Several schemes have been proposed in both sending and receiving countries such as a fixed term of stay for the skilled workers. However, there is no fundamental solution to brain drain problems given the fact that controlling, if not stopping, migrant outflows through policy options on the side of sending countries is extremely difficult, especially when the demand for highly skilled workers in destination countries is rapidly rising.

With regards to those who left the country already, physical link with them is not the only link that matters with development, but virtual link and Diaspora network could help transfer various resources such as money, knowledge, skills and information, back to LDCs essential for development.

### **6-2-2 Key Areas for Further Considerations**

Suppose there is a positive link and the potential is great. Then what are the possible areas for both private and public sectors in Japan to contribute to help the international community to maximize the benefit of international migration in favor of the developing countries? Because much is still unknown as emphasized, any concrete policy recommendation is not realistic at the moment. However, some areas, with appropriate further investigation, are identified for feasible intervention for Japan. Here are the five main areas Japan may consider for its commitment to the migration agenda.

Firstly, Japan could take a lead for establishing a unified data compiling system on international migration for regionally comparable and reliable data. This should be initiated in accordance with the 1998 UN Recommendations on Statistics of International Migration.

Secondly, there should be public-private collaborations both in the developed and developing countries for the efficient remittance transactions that could minimize the lead time for the beneficiaries to be able to withdraw the cash from the local financial institutions. Also, the fees collected from each remittance transaction should be made minimized so that the beneficiaries could receive as much as possible with the fee deduction made minimum. This should be a joint effort between the financial institutions in the countries migrated workers stay and the countries they are originated. Also, this is a public-private collaboration in that the competitive environment of the financial market could limit the profitability of the informal remittance channel and more financial resources could flow into the formal financial market. This is beneficial for the governments of the developed countries that have been making efforts to minimize the room for money laundering for an anti-terrorism measure.

Thirdly, Japan could contribute to the strengthening of the Diaspora networks from its own perspectives. In April 2005, IDB has reported at the IDB Annual Meeting in Okinawa, Japan, that the remittances from Japan to the Latin American and the Caribbean (LAC) region would reach over US\$ 2.6 billion in 2005 and that almost half of the remittances would be made by the Peruvian Japanese workers in Japan. This illustrates the strong LAC-Japan linkages through the Japanese immigrants and their descendants called *Nikkei* in the LAC region. They have established the *Nikkei* associations, and since the immigrants from the same provincial areas tend to settle down in the same communities in the LAC countries, their associations have been maintaining a very strong linkage with their home communities. These associations function as a mobilizer of financial resources, information and knowledge. Also, they work as an intermediary for the *nikkei* workers to find learning and employment opportunities in Japan. Some innovative associations have already started, in partnership with the IDB Group, the entrepreneurs and investors training as well as financial support for start-up businesses. Since JICA has a long history of contributing to the smooth inclusion of the Japanese immigrants in the host communities and the delivery of entrepreneurship training programs for the *nikkei* students who complete the stay in Japan and are going back to their home countries, it has the potential to provide the platform for the home and host communities. More recently, there have been heated discussions on how Japan could open up its labor markets for health workers and caretakers from the Philippines and Thailand with regards to the negotiations on the Economic Partnership Agreement and Free Trade Agreement. There the focus of the discussions is mainly on the measures to make the demand and supply meet in the Japanese health and elderly care markets, but there seems to have few discussions on the socio-economic impact of the Japan's policy decision on their home countries. As is pointed out in the review of the current literature, there is a gap between the expectation and the reality with regards to the impact of international migration and remittances on the host countries. The collaborated research and study networks among the researchers in the MDCs and LDCs will help filling the gap so that the interests, views and experiences will be well articulated in the research.

Fourthly, as one of the most possible areas for donor's involvement, there is a need to create or enhance the effectiveness of programs such as SMEs support and training specifically for returned migrants; pre-departure programs for better life planning; post-returning program for how to use remittances efficiently and effectively; and establishment of migration funds for community development. For instance, a local NGO in Columbia, with the funds from USAID, has started a mechanism for overseas Colombians to contribute funds to support grants for development projects in Colombia. Foreign remittances that the migrant workers make have been increasing in volume for the last decade and have been prone to the economic fluctuation of the host countries. This is one of the reasons that the international community has been paying more attention to the remittances as a source of financing development since the Monterrey Conference. Multilateral Investment Fund (MIF), IDB's private sector financing wing, has already introduced an innovative lending program to financial institutions backed by the stable cash flow of the remittances made from the specific host country through the recipient institutions. The proceeds from this lending program will be used for SME finance and refinancing to microfinance institutions. Capacity building of the returned migrant workers will also contribute to the better use of the proceeds they earn from migration labor. Business Development Services (BDS) and related training programs are in some cases delivered more efficiently by the non-government entities, and donors should consider the best channel for the delivery before choosing a direct operation by the donor itself.

Finally, it should be noted that some migration might have taken place involuntarily. If the migrants are forced to migrate because there are threats affecting their well-being in their home country, such as high unemployment, instability of job security, and infringement of the ethnic and human rights, the best alternative for the international community might be to create the better living and working environment in the local community they live. The current literature on migration and remittance seems to have paid little attention to the pushing factors which have the underprivileged people choose to migrate, and it seems to have placed positive judgement on the scaling up of the migration and remittance flows. But it should be carefully considered whether the pro-immigration policies are really superior to the alternative anti-poverty measures that aim at directly addressing the pushing factors inside the host countries.

## Appendix List of Major Interviewees in Thailand

Name	Title/Position	Organization	Speciality
Prof. Supang Chantavanich	Director	Institute of Asian Studies, Chulalongkorn University	International migration, especially socio-economic aspects
Mr. Ricardo Cordero	Programme Development Officer	IOM, Bangkok	International migration in general
Ms. Lucita S. Lazo	Regional Programme Director	UNIFEM East and Southeast Asia Regional Office	Gender and international migration
Ms. Elizabeth Morris	Labor Market and Human Resources Policies Specialist	ILO/EASMAT	Labor Market and Human Resources Policies
Mr. Seang Nboen Khowcikhit	Chief Officer	Provincial Employment Services Office, Ministry of Labor, Udon Thani Province	Pre-departure training for departing migrant workers
Mr. Keerati Tipweng	Chief Officer	Agricultural District Section, Amphur Phuphaman, Khon Kaen Province	Local labor issues
Dr. Yongyut Chalaemwong	Director	Thailand Development Research Institute (TDRI)	Thai labor migration
Prof. Sumalee Pitayanon	Professor	Faculty of Economics, Chulalongkorn University	Labor economics, Thai labor migration
Prof. Chuta Manusphaibool	Professor	Faculty of Economics, Chulalongkorn University	Labor market, theoretical concept, Thai labor migration
Prof. Preeda Prapertchob	Professor	Faculty of Agriculture, Khon Kaen University	Agricultural economics, project evaluation, impact of labor migration on the northeast region of Thailand
Mr. Kazuhisa Ogawa	Country Representative	Association of Overseas Technical Scholarship (AOTS)	Recruitment and trainings of trainees from LDCs to Japan
Mr. Hiroshi Mizutani	Expert	JICA	Labor issues in Thailand

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