



Migration, Transnational Linkages and Economic Development

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Some of the issues to be addressed in this presentation



- How does international migration affect the economic development of the sending countries?
- What role(s) do, and can, migrants and diasporas play in these processes?
- What can sending country governments do to facilitate and optimise these processes?

Structure of the presentation



1. Introductory remarks
2. The migration-development nexus as an unsettled issue and some common misperceptions
3. Providing a coherent and comprehensive framework for analysing the migration-development nexus
4. The central developmental importance of transnationalist practices
5. A brief portfolio of policy options
6. Conclusions

Introductory remarks



The perspective adopted in this presentation shall be mostly...

...theoretical (rather than empirical)

...macroscopic and generalist (rather than country-
or case-specific)

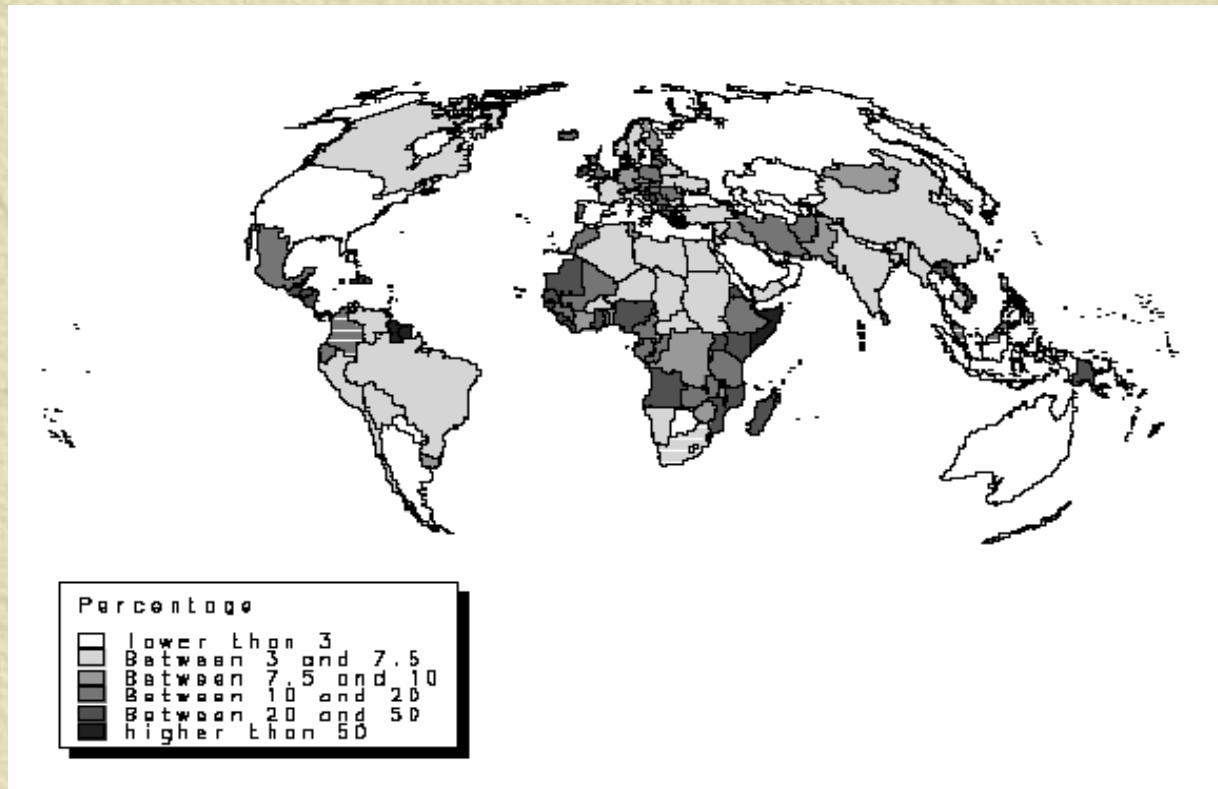
...and economic (rather than focusing on the various other
aspects of migration: social, cultural, political,...)

...and it will hopefully both enrich and be enriched by the other
presentations in this workshop.

The migration-development nexus as an unsettled issue and some common misinterpretations

- The 'brain drain' – the most visible negative side of international migration

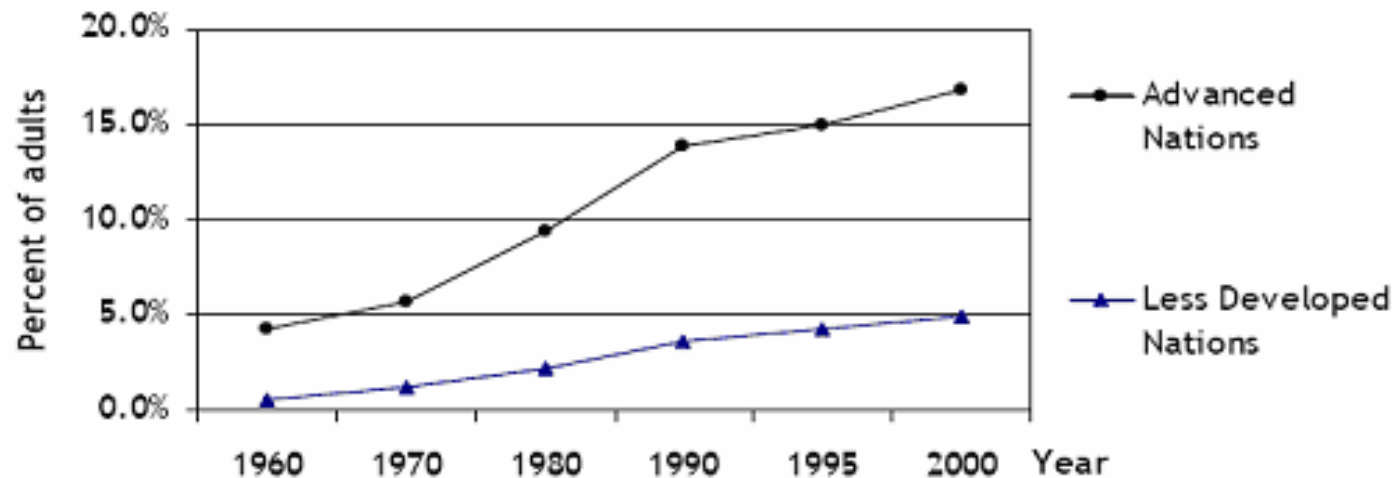
Emigration rates of the highly skilled, 1990-2000
(Source: Docquier and Rapoport, 2004)



The migration-development nexus as an unsettled issue and some common misinterpretations

- The 'brain drain' – the most visible negative side of international migration

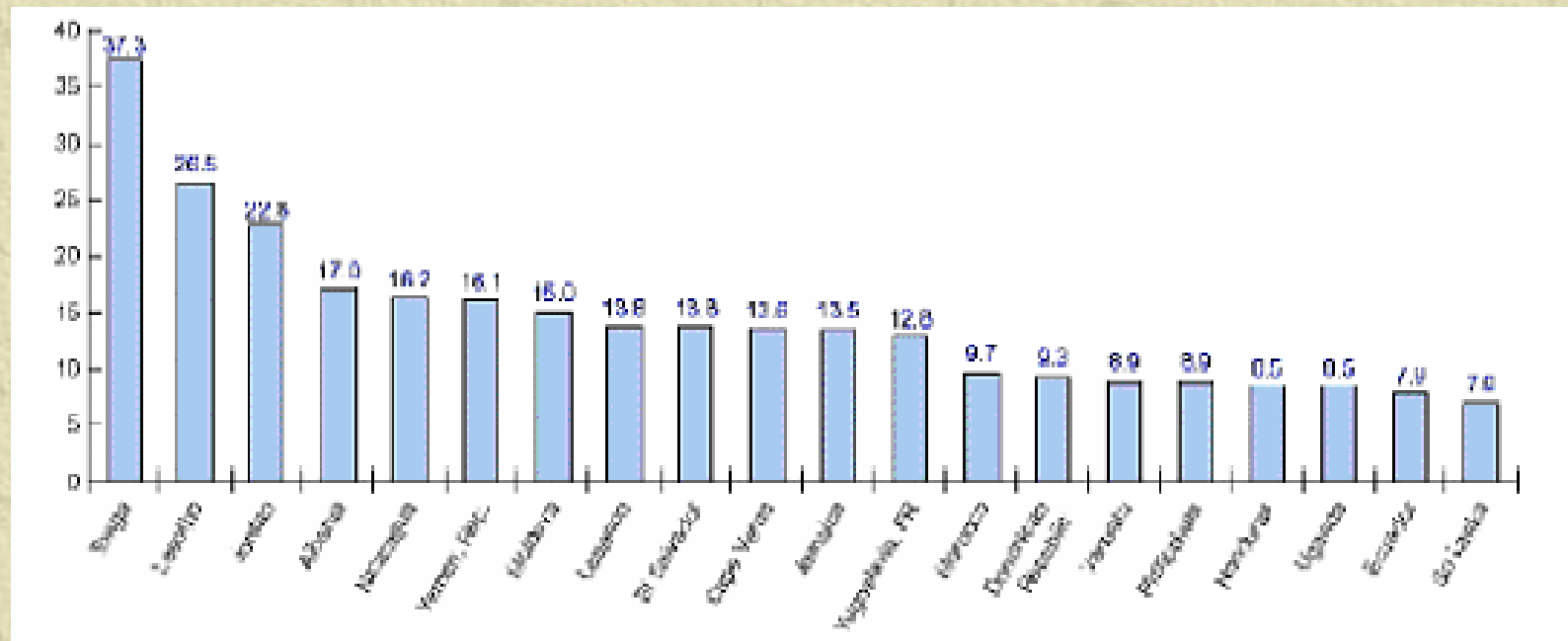
Tertiary education rates in advanced and less developed countries, 1960-2000
(Source: Lowell et al, 2004)



The migration-development nexus as an unsettled issue and some common misinterpretations

- Remittances – the most visible positive side of international migration

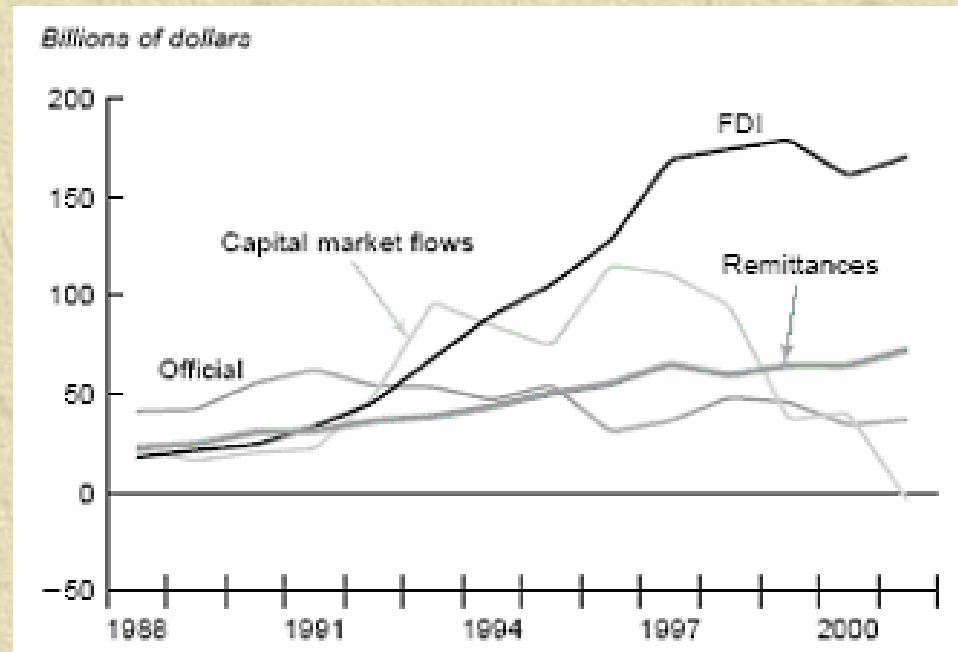
Remittances as a % of GDP, 2001 (top 20 countries)
(Source: Nyberg-Sorensen et al, 2004)



The migration-development nexus as an unsettled issue and some common misinterpretations

- Remittances – the most visible positive side of international migration

Remittances and other financial flows to developing countries, 1988-2001
(Source: Ratha, 2003)



The migration-development nexus as an unsettled issue and some common misinterpretations



... mixed empirical evidence that gives rise to symmetrically opposite overall assessments:

“Migration is the oldest action against poverty... It is good for the country to which they go; it helps to break the equilibrium of poverty in the country from which they came.”

John Kenneth Galbraith, cit. in IOM (2005)

“Large-scale emigration is a very costly means of getting rid of surplus population.”

Gunnar Myrdal, cit. in Papademetriou and Martin (1991)

The migration-development nexus as an unsettled issue and some common misinterpretations



In reality, emigration *always* involves a trade-off:

Sending countries “lose” the possibility of counting on migrants in the domestic production process....

...but “receive” a variety of flows in return.

The relative magnitude of these two effects depends on the context:

- Migrants’ profile and characteristics;
- Characteristics and needs of the domestic production process;
- Migrants’ access to resources;
- Migrants’ willingness to “remit” or invest some of those resources in their home country;

The migration-development nexus as an unsettled issue and some common misinterpretations



...and yet, even though categorical generalisations are not possible, an accurate assessment of these processes is crucial:

- a) Emigration policies: well-founded or misguided?**
- b) Which relevant factors have the greatest potential to increase the advantages and reduce the disadvantages of emigration for the sending country?**

How are we to provide coherent and comprehensive answers to these questions?....

The migration-development nexus as an unsettled issue and some common misinterpretations



Misinterpretations are commonplace in the literature:

Lowell (2003) on the 'brain drain':

"...while the sending country has financed their education, it ultimately forgoes its investments and other returns on migrant talents."

Ellerman (2003), also on the 'brain drain':

"...there is a multiple loss: the human capital, the public monies that funded the training and the later fiscal loss."

Providing a coherent and comprehensive framework for analysing the migration-development nexus



Since many of these common misinterpretations arise out of mixing *stocks* with *flows*, let us begin by:

1. Focusing on the *stocks* of production factors (labour, capital, human capital, social capital, etc) only, taking into account the production function:

Total production = function (labour, capital, human capital, social capital, etc)

2. Assessing the impacts of the various logical moments in the migration process (exit, presence abroad and return) upon those stocks

Providing a coherent and comprehensive framework for analysing the migration-development nexus



<i>Stocks of production factors</i>	<i>Logical moment in the migration process</i>		
	exit	transnational linkages	return
Labour	?	?	?
Capital	?	?	?
Human Capital	?	?	?
Social Capital	?	?	?

Providing a coherent and comprehensive framework for analysing the migration-development nexus



<i>Production factors</i>	<i>Logical moment in the migration process</i>		
	exit	presence abroad	return
Labour	$\Delta-$ (exit of labour migrants)		$\Delta+$ (return of labour migrants)
Capital		$\Delta+$ (transnationalism: remittances) $\Delta+$ (transnationalism: FDI)	
Human Capital	$\Delta-$ (“brain drain”)	$\Delta+$ (transnationalism: transfer of knowledge, temporary visits and consultancies)	$\Delta+$ (return of skilled migrants)
Social Capital		$\Delta+$ (transnationalism: creation of transnational social networks and business ventures)	

The central developmental importance of transnationalist practices

What can we conclude from the previous analysis?

- Sending countries win *and* lose in a variety of ways from migration;
- The positive effects are mostly associated with the two latter 'logical moments (i.e. 'transnational linkages' and 'return');

...but considerable empirical evidence suggests that the developmental impact of return migration has to be put into perspective (age of return migrants, location-specificity of skills, possible deskilling while away)...

...which is why the transnational practices of migrants and diasporas are increasingly considered as providing the main developmental opportunity associated with migration for the sending countries.

The central developmental importance of transnationalist practices

Migrants and diasporas: a “dyadic human link” between the sending country and the rest of the world...

... sending individual and collective remittances and investing in the home country...



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The central developmental importance of transnationalist practices

Migrants and diasporas: a “dyadic human link” between the sending country and the rest of the world...

... transferring knowledge and skills from afar *and* through temporary visits and consultancies...



The central developmental importance of transnationalist practices

Migrants and diasporas: a “dyadic human link” between the sending country and the rest of the world...

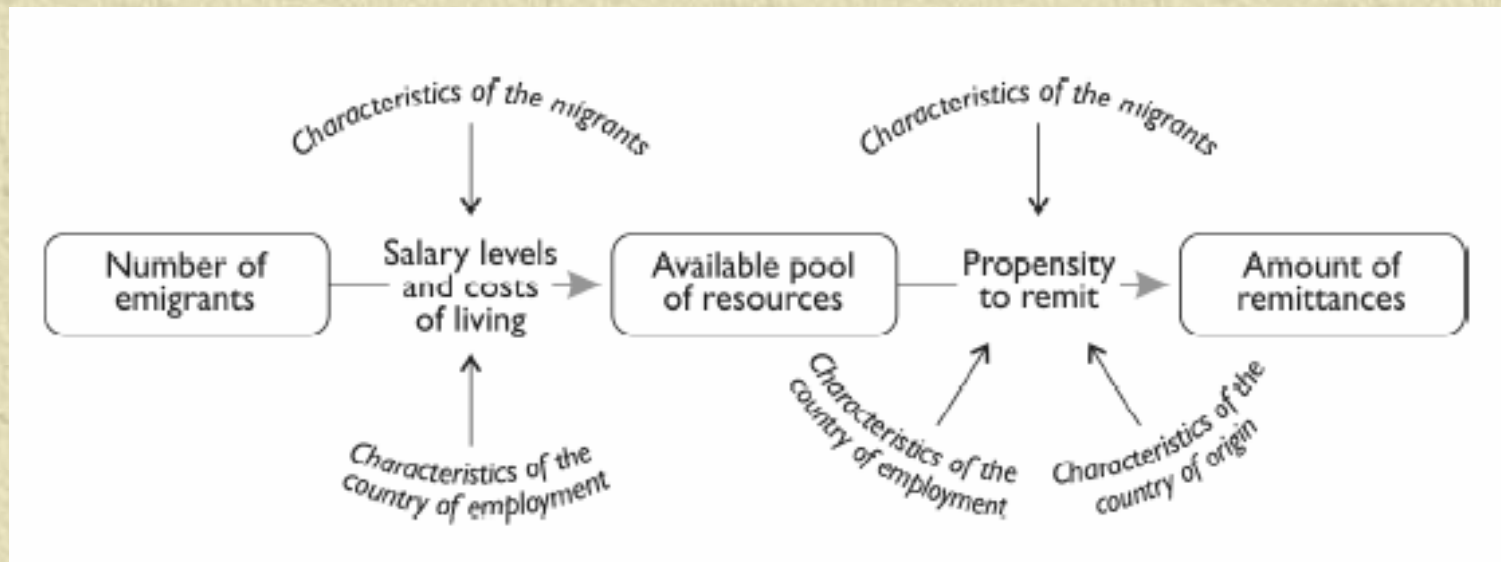
... establishing business ventures and finding new markets and outlets.



A brief portfolio of policy options

The “diaspora option”: how can governments (particularly of sending countries) seek to increase the developmental impact of emigration?

Carling’s (2005) model of remittance flows:



A brief portfolio of policy options

The “diaspora option”: how can governments (particularly of sending countries) seek to increase the developmental impact of emigration?

- 1. Provide active support to their migrant communities abroad:**
 - Upholding their rights in bilateral and multilateral *fora*;
 - Giving them active political voice in the home country.

A brief portfolio of policy options

The “diaspora option”: how can governments (particularly of sending countries) seek to increase the developmental impact of emigration?

- 2. Foster diasporic ties and commitment towards the country of origin :**
 - **Dual citizenship;**
 - **Voting rights for emigrants;**
 - **Celebration of national days, teaching programmes, awards and other symbolic measures;**
 - **Diaspora conferences.**

A brief portfolio of policy options

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The “diaspora option”: how can governments (particularly of sending countries) seek to increase the developmental impact of emigration?

3. Increase and channel remittance and migrant FDI flows :

- **Mandatory requirements;**
- **Requests for voluntary contributions;**
- **Special *premia* on domestic bank accounts for emigrants;**
- **Special government bonds for emigrants;**
- **Matching funds-schemes;**
- **Special incentives for migrant FDI (fiscal benefits, duty exemptions, one-stop shops, etc);**

A brief portfolio of policy options

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The “diaspora option”: how can governments (particularly of sending countries) seek to increase the developmental impact of emigration?

- 3. Increase and channel remittance and migrant FDI flows (cont’d):**
 - **Facilitate investment in general (sound macroeconomic management, good governance, reduce bureaucracy, provide quality public goods and infrastructure);**
 - **Foster competition in the remittance transfer market (reduce barriers to entry, promote the financial literacy of the migrants);**
 - **‘Bank the unbanked’;**
 - **Specific economy-wide incentives to saving, investment and human capital formation.**

A brief portfolio of policy options

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The “diaspora option”: how can governments (particularly of sending countries) seek to increase the developmental impact of emigration?

4. Increase diaspora-led domestic human capital formation:

- **Skills’ accreditation agreements;**
- **Scientific diaspora conferences;**
- **Temporary return programmes (provide infrastructure, create incentives);**
- **Ensure freedom of movement to facilitate circular migration;**
- **Work with development agencies to untie technical assistance;**
- **Promote the use of virtual platforms to facilitate dissemination from afar (support already existent networks, provide infrastructure, provide incentives).**

A brief portfolio of policy options

The literature also mentions several measures to encourage return migration:

- Provide information (on the labour and housing markets and the health and education systems, for example);
- Streamline procedures;
- Provide specific incentives (duty concessions, subsidies, welfare support);
- Negotiate transferability of retirement pension entitlements...

...but governments should be aware of the trade-off between the “return” and “diaspora” options!

Conclusions



- transnational practices are increasingly significant and have considerable development potential;
- that potential is a function *not only* of the migrants' propensity to engage in meaningful exchanges with the home country, *but also* of their access to resources in their places of destination;
- policy options in this field involve a number of trade-offs;
- ...from theory to practice?



Thank you very much!
Muito obrigado!

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