Guest Workers, Migration and

Context

- Global Pop: 6.5 billion; labor force 3.2 billion, 85% in ldcs
- Global Migrants: 190 million, labor force 95 million, 60 percent in dcs

Migrants vs Other Workers

- Global labor force: 40% ag, 20% industry, 40% services

- DC labor force: 3% ag, 25% industry, 72% services

- Migrants in DCs (60 mil of 500 mil): 10% ag, 40% industry, 50% services

Migrants vs Other Workers

- Education: Number 1 predictor of income, global pyramid shape
- Native adult diamond: 15% less than secondary school, 60% sec school (+some college), 25% college grad
- Migrant adult hourglass: 35-40%, 35-40%, 30%

Guest Worker Programs

- Purpose: add workers temporarily to labor force, not settlers to population
- Experience: there is nothing more permanent than temporary workers
- Why: Distortion and dependence

Distortion of Employer Decisions

- Most employers do not hire migrants
- Employers hiring migrants can make investments that assume migrants continue to be available
- Result: "we will go out of business without migrants"

Dependence on Foreign Jobs

- Migrants, their families, communities, and govts assume remittances will continue

- Result: stopping legal recruitment can lead to irregular or unauthorized migration

Ideal: Convergence

- Theory: Moving workers from lower to higher wage areas should lead to convergence, a natural reduction in migration
- Reality: Convergence in southern Europe, persisting migration from Mexico and other countries

Guest Worker Programs Risky

- Can induce distortion and dependence that make migration management more difficult over time
- But nature of benefits and costs encourages most dc govts to take the risk
- More programs than ever before, from shotgun to rifle approaches

Benefits vs Costs: Dcs

- Benefits: immediate, measurable in economic terms, and concentrated among employers and migrants
- Costs: delayed, difficult to measure (as with social tensions), and diffused
- From one program to multiple programs

Migration and Development

- More migration can benefit poor countries
- GEP (2006): adding 3% more migrants to dc labor forces would provide $162 billion more to migrants and $143 billion more to ldcs
- Contrast: $200 billion gain from freer ag trade

Migration-Development: 3 R's

- Recruitment: who leaves? Un- and under-employed or key professionals?
- Remittances: how much and how used

Prediction: More Migration

- Demographic inequalities
- Economic inequalities
- Revolutions in communications, transportation, and rights
- Migration: a process to be managed, not a problem to be solved

Guest Worker Programs

- Use economic incentives to reinforce rules
- Reduce distortion: charge employers fees and use funds to promote mechanization and restructure jobs
- Reduce dependence: refund migrant pension contributions, match to promote development

Related issues

- Legal vs illegal: Employers and migrants must have incentives to use legal programs

- Determining demand or "need" for migrants.

- Reality of irregular migrants: countries do not begin from tabula rasa; earned legalization?

Closing Observations

Goal: a world of few barriers to migration, and little unwanted migration

Numbers vs rights: Migration is motivated by differences, but int'l and national laws and norms call for equality

Making the trade off between the goods of numbers vs rights