

State Policies toward Migration and Development

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I will try to do my best in presenting, discussing and critiquing the papers of David Zweig, titled “Returnees, Diasporas, and Failure: Can Governments Benefit from Skilled Out Migration?,” and Amitabh Kundu, titled “State Policies towards Internal Migration and Development with Special Reference to Developing Countries.” As the papers were intended to focus on research about state policies toward migration and development, I will emphasize issues that could both improve our understanding of policy making and have an impact on policies designed to enhance migration’s contributions to development.

The two papers are complementary in their differences. While David Zweig’s paper addresses international migration of skilled people, that of Amitabh Kundu takes up internal migration of the unskilled. But we will see from the two papers that there are similarities between international migration policies and those toward internal or domestic migration.

Academic and policy discussions tend to focus more on international migration than on internal migration. Data on internal migration tends to be scarce compared to that on international migration, in part because there is more scrutiny of international border crossings than interstate or rural-urban movements. International migration also raises complex issues of sovereignty and national identity. Internal migration is primarily a large-country phenomenon, while international migration is relatively more widespread. That said, policy challenges posed by internal migration are not that different from those by international migration.

Let me first consider David Zweig’s paper “Returnees, Diasporas, and Failure: Can Governments Benefit from Skilled Outmigration?” It asks two questions: First, how can we encourage the return of skilled international migrants to their countries of origin? The paper focuses explicitly on South-North migration of doctors and nurses and scientists, particularly scientists who have migrated to the richer countries in the North. Second, how can governments mobilize members of the overseas diasporas without asking them to come back physically?

The paper seeks to answer these questions using the experiences of China, Colombia, Bangladesh, and Silicon Valley. I was particularly happy to see a discussion of China’s Hundred Talents Program which rewards returnees who have technological skills and patents by giving them higher salaries,

housing allowances, greater access to equipment and laboratories, and, very importantly, a greater ability to travel internationally than is given to Chinese workers who have remained at home.

World-class, marketable and mobile professionals cannot easily be attracted back to a country that has restrictive policies. Also, sometimes governments make promises but do not keep them. The other day I heard the story of an overseas Chinese professional who faced incredible difficulties in obtaining a driving license in China. I have also heard of cases where successful Wall Street executives have gone back to India and were mistreated by uncooperative customs and city officials. An important lesson from China's Hundred Talents Program is that governments should try to understand why people emigrate in the first place and design measures that may reverse the process.

The expectation of a higher salary is an obvious driver of migration. There is a view in the literature — and this point goes beyond this session — that until living standards, wages and incomes equalize between the sending and the receiving country, migration flows would continue. That may not be entirely correct, however. The relationship between migration and income differences is likely to be nonlinear, perhaps inverse-U-shaped. The literature has alluded to this aspect, but I have not seen any significant empirical work yet.

Imagine if I were to say that relaxing border controls between the United States and Mexico might lead to less migration, not more. I would not be surprised if we could actually come up with such empirical findings, that net migration from Mexico to the US might peak before the income differences between the two countries are eliminated. A reversal of migration patterns has happened before, in the case of Portugal and Spain when they joined the EU in the mid-1980s and in the case of Thailand more recently. Thailand was a net emigration country in the 1980s and became a net immigration country in the 1990s; and the reversal of migration happened at a per capita income level of around \$2,500.

So incomes do not have to equalize before migration pressures are reduced. This is a very important point. We can learn a lot from the experiences of China, Thailand, Portugal, Spain, Greece and India.

Zweig's paper also points out that the prevalence of a "glass ceiling" may limit career progression abroad and encourage return migration of talented professionals. The prospect of an improved social status back home can encourage return even if the returnee gets a lower income back home. In addition, good working conditions, good living conditions — especially an

absence of crime and schools for children – are important considerations for return migration. Also a freedom of expression: talented people tend to be vocal, and they *need* to express themselves. Giving them the freedom to speak their mind is an important incentive for encouraging return of skilled migrants.

As Zweig’s paper says, government policies matter in all these respects. But a large part of what governments can do is simply to get out of the way of the market.

Despite the importance of such policies, there is a dearth of research evaluating the impacts of government policies, not only those encouraging return, but migration policies in general.

An important topic that I found missing in the paper is the discussion of policies relating to skilled migrants in the destination countries in the South, for example, in Russia, South Africa, Malaysia, Morocco or India.

One kind of policy response to skilled migration from developing countries, I expect you all know, is the so-called ethical recruitment policies that some receiving countries are implementing to mitigate the so-called “brain drain”. The idea behind these policies is that—to use the example of Ghana—since there are more Ghanaian doctors outside than inside of Ghana, recruiting them would exacerbate the shortage of doctors in Ghana, so these doctors should not be actively recruited by, say, hospitals in the UK.

I never quite liked the term “brain drain”. By simply using the term “brain drain” one is already condoning ethical recruitment policies. The literature and (especially) policy discussions are often confusing about the meaning of the so-called “brain drain”. Does it refer to a lack of medical services to the poor in Ghana? Or does it refer to a loss of fiscal revenue that would have been generated if the doctors had stayed home and paid taxes? Ghana may have educated these doctors and nurses using public money. Are we concerned that an investment has been drained away? Or are we simply jealous of the doctors who are earning 6 or 7 figure salaries overseas?

Policy makers in destination countries (such as the UK) have been concerned about restricting recruitment of doctors from developing countries for a long time. They first said, “We are taking away doctors from Ghana at a time when malaria, tuberculosis, and HIV/AIDS are raging in Ghana. We should not allow our public hospitals to employ doctors from Ghana.” And then public hospitals in the UK reportedly outsourced many services to private hospitals who could hire these people. When the policies were expanded to include private hospitals, recruitment agents began to bring Ghanaian

doctors to Heathrow and let them seek employment in the UK hospitals of their own accord.

As a result of these policies, has there been an increase in the number of doctors who have stayed in Ghana? Has there been any research on this question? The World Bank has begun to look into this issue, but I don't think we have come to closure yet. We are yet to show that the number of doctors in Ghana has gone up.

Suppose such policies were successful in stopping Ghanaian doctors from emigrating. What would be the implications for the supply of doctors in Ghana ten years down the road? Would there be more or fewer doctors in Ghana? Also, even if the doctors actually stayed in Ghana, would they serve the poor? Is that what we want? It is unlikely that doctors would serve patients who can't pay. A doctor friend of mine, after spending decades working in a rural hospital in India, decided to leave his government job; because whenever a patient died – many do in that part of the world – he faced threats of physical violence from the patients' family members. Inhospitable working conditions, lack of medical equipment and medicine can be very discouraging for doctors and nurses, and indeed for every one.

This brings me to an important point: migration is a personal decision. We must recognize that and formulate policies that are compatible with individual incentives.

In talking about people, there is often a tension between economics and politics, between an economic right and a political right. I am not certain about the economics of this argument, but politically it may appear practical, for example, to give higher salaries to return migrants than to the native workers in the country of origin. Zweig's paper discusses such measures intended to encourage the return of Chinese scientists to China. The flip side of this argument is that destination countries might consider granting fewer rights to migrant workers than to native workers to encourage return. In his admirable and eponymously titled book "Let Their People Come" even Lant Pritchett concedes that a more practical plan B might involve drawing a distinction between guest workers and native workers.

I see the spirit of this position, but should we recommend such policies? Can governments treat migrants on a different scale — a lower or a higher scale — than natives? That is a great question for research.

Every time a government enacts such discrimination, all sorts of distortions result. Zweig's paper alludes to the concept of "round-tripping." If a government gives tax benefits to migrants, residents might try to take money

out of the country and bring it back as overseas nonresident investments. Research shows, for example, that out of \$40 billion or more of foreign direct investment into China in the late 1990s, as much as 40 percent came from overseas Chinese who were allowed tax incentives and other preferential treatment, presumably a result of round-tripping.

If there is a shortage of doctors, in the end, the only solution is to produce more doctors. To do so, can rich-country medical institutions create training facilities for doctors and nurses in Ghana, Jamaica, Lesotho or the Philippines? A feasibility study of this question was commissioned by the Commonwealth Secretariat a few years ago, but I have not seen the final report. There is not much research on this question.

Another research question relates to South-South movement of skilled migrants. There are many doctors from Sub-Saharan African countries in South Africa. There are a large number of Nepalese migrants in India, and Central Asian migrants in Russia. How should research and policy discussion approach South-South migration of skilled workers?

How can countries tap the diaspora even if the migrants did not return? This is the second question discussed in Zweig's paper. I will be brief on this point. The most important issue in this context is that many countries do not know much about their overseas populations: who, where, and how many they are. For governments thinking about mobilizing their overseas populations, they need basic data.

I will now move on to the second paper by Amitabh Kundu on government policies toward internal migrant workers in India. Kundu's paper focuses on internal migration and emphasizes how internal migration contributes to balanced regional development. He has presented his work in three categories: trends, impacts, and differences in the impacts on separate regions, towns, and migrants themselves.

It is hard to get a clear sense from the paper of what the general trends are. This is understandable. Reliable data on internal migration are not easily available. We hear that China has nearly 300 million internal migrants. That is much larger than the total international migrant stock (estimated to be around 200 million). In India the number of internal migrants is probably 100-200 million. I recently visited Nepal. Publicly available data suggest that about 1 million Nepalese are abroad. After several days of meetings, I learnt that there are around 1.5 million Nepalese in the Gulf region alone and somewhere between 2 million and 5 million Nepalese in India. That would amount to nearly 30 percent of Nepal's population. This scale of internal migration is likely to exist in many large countries. Lack of data on internal

migration is a huge problem.

Kundu's paper suggests that rural-urban migration may not be as high as one might think because of barriers of caste, family ties, language and cultural differences, and by people's attachment to land or a lack of skills suitable for manufacturing or services. Nonetheless rural-urban migration has been increasing in India as the urban economy has grown. It appears, however, that the growth of rural-urban migration in India is decelerating. Some hypotheses provided in Kundu's paper include:

- The changing nature of the cities, especially the fact that the development model of the city is moving from state-led to private sector-led growth.
- The fact that regulations governing land occupation and land use patterns have been tightened.
- Free public services in urban areas have been cut. Because many internal and unskilled migrants are poor, they rely on public provision of health care, water, and housing. A cut in such services would slow rural-urban migration in the Indian context.

Kundu's paper poses a question about what policy measures might be taken in the medium- and small-sized cities. The big cities have the necessary services. Sometimes they even have access to institutional capital. But in small cities it is not clear what can be done and this is an open area for research.

Kundu's paper also points out the sheer lack of data on internal migration. Before evaluating impacts, we have to create better data on rural-urban migration. International migration data are hard to collect anyway, but in collecting data on internal migration, it is often very hard to know who is a migrant. What do you do when territorial boundaries are redrawn and people become migrants without moving? How might governments go about gathering regionally comparable data over time?

What are the impacts of internal migration? I don't think we know enough about the impact of rural-urban migration in the destination cities. One that is highlighted a lot is the growth of slums and poverty. Positive impacts of rural-urban migration on destination cities are not highlighted enough in the literature. That would be worth investigating further.

Do migrants themselves benefit when they move to cities with high unemployment rates? That's not very clear. What seems clearer is that the families left behind benefit through remittances and an increase in wages resulting from migration-induced labor shortage.

A policy question that I did not find addressed in either Zweig's or Kundu's papers is how remittances and other financial resources can be mobilized from migrant diasporas for the benefit of the communities of origin. International remittances are large. They are beneficial to the families and communities left behind. I recently spent a week in my village in a poor part of India. The village has developed significantly in the last few years, to a great extent because of migration to Mumbai and other large cities and the resultant remittances.

Discussion of remittances and of financial resources that can be mobilized from both internal migrants and the diaspora is something that would be worth including in our thinking on state policies. This is related to the point that was brought up before, that although migration and remittances overlap a great deal, there are policies that governments might explore regarding remittances that need not be directly associated with the complexities of making migration policy.

As I have already taken too much time, rather than elaborate on these questions further, let me stop here and, perhaps, return to them in future discussions. Thank you.