INTERNATIONAL MIGRATION PAPERS
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Orderly international migration of workers and incentives to stay - options for emigration countries

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Foreword

The two studies that follow have been elaborated under the auspices of the Migration for Employment Programme of the ILO. They are slightly revised papers submitted to a Technical Seminar for Policymakers and Experts on "Migration and the Labour Market in Asia in the year 2000", Tokyo, 19-20 January 1995 that was jointly organized by the Government of Japan, the

Organization for Economic Cooperation and Development, the Japan Institute of Labour, with the cooperation of the ILO.

Manolo Abella's paper addresses the question of orderly labour migration from the point of view of the migrant-sending country, to see to what extent governmental regulation and procedures can ensure that the movements of workers and their employment abroad is legal and respects standards laid down by that country. Drawing on Asian experience, the author's evaluation is somewhat sceptical in a situation of many workers chasing few jobs. However, there are ways and means by which a migrant-sending country, jointly with a migrant-receiving country, can arrive at greater respect for standards than happens at present.

Juhani Lönnroth's contribution is concerned with a question that has recently come to the fore in several national and international fora: what can one do to make it more attractive for people to stay at home than to move abroad? [1] Acknowledging that sound macro-economic policies are bound to be the basis for any policy that would provide greater incentives to candidates for emigration not to move abroad, the author points out that active labour market policies are equally required, for macro-economic growth can be hampered by ineffective labour markets and growth by itself may not provide sufficient jobs. The paper also refers to some activities that the ILO has undertaken in this area. Mr. Lönnroth suggests that there is both a need and, indeed, scope for bringing to bear active labour market measures successfully on emigration-prone regions or population groups.

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[1] See W.R. Böhning and M.-L. Schloeter-Paredes *Aid in place of migration? Selected contributions to an ILO-UNHCR meeting*, (ILO, Geneva, 1994).

A. POLICIES AND INSTITUTIONS FOR THE ORDERLY MOVEMENT OF LABOUR ABROAD

by

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1. Introduction

In its broadest sense an orderly movement of labour abroad proceeds within the boundaries of what states of origin and states of destination consider acceptable or even desirable. It is *ipso facto* a **normative** concept since acceptability presupposes a set of values or norms which are embodied in state policies and institutions on migration. For instance, for countries of immigration these may mean policies aimed at avoiding an imbalance in the ethnic composition of society; for countries of emigration, discouraging young women workers from going to certain countries. In a borderless world the question of such orderly movements would of course not arise. This would soon be true of the countries belonging to the European Union which had agreed at Schengen to progressively remove controls on the entry and employment of each other's nationals within their territories. A migration system characterized by large-scale illegal crossings such as for instance that between the United States and Mexico would no longer be disorderly if the two countries were at some later stage to form a union which eliminates border controls and makes all movements internal.

There are few examples in history of orderly movements of people. The large migrations have been spontaneous or caused by cataclysmic events such as war or pestilence which forced people out of their home countries in search of refuge and safe haven elsewhere. The few exceptions are the movements organized by slave traders who shipped millions of people across the Atlantic from Africa to the United States, and the successor movement of indentured labour from the Indian sub-continent to colonial plantations in the Far East, the South Pacific, and all the way to the Caribbean. These movements however could hardly be considered orderly from the standpoint of the hapless individuals who were forced to go, or from the standpoint of the nations of origin which had no say on the matter. In our view orderly migration has to include the element of free choice in the decision to emigrate.

The few examples of voluntary movements of free economic agents organized by democratic states can be found in contemporary times. These have been initiated by the countries of employment which at one time or another were in desperate need for labour. The United States had the *bracero* programme which brought millions of Mexican workers across the border to the plantations in California from the Second World War to 1964 (Zolberg, 1978; Miller, M. and Yeves, D., 1979). In Europe the booming economy of the Federal Republic of West Germany in the 1960s was sustained by additional labour supplies which could no longer be sourced from neighbouring European states and prompted the Government to seek labour-supply agreements with Turkey and Yugoslavia. This *gastarbeiter* programme lasted only for about a decade before economic recession and a realization of the social consequences of bringing in huge numbers of people of different cultural and ethnic heritage brought about a change of policy (Böhning, 1972; Castles and Kosack, 1981; Esser and Korte, 1985). In the Caribbean, a very much smaller programme to bring workers from Commonwealth countries to agricultural farms in Canada has been in operation since the 1960s and appears to be proceeding to the satisfaction of all parties.

The migration of Asian contract labour to the Middle East since the early 1970s and the more recent waves of legal and clandestine labour migration in Asia-Pacific cannot be considered an orderly movement of labour. In the Persian Gulf states the sudden wealth brought by higher oil prices led to immigration levels unheard of in any other part of the world. Foreign workers have swollen the labour forces of these thinly-populated countries beyond levels experienced elsewhere, and their presence may no longer be as temporary as earlier intended because these societies have become dependent on them (Seccombe, 1988). In East Asia, on the other hand, the immigration of foreign labour has been for the most part a recent and minor phenomenon. Most countries have been countries of emigration until successful industrialization enabled them to quickly absorb the remaining reserves of surplus labour and experience labour shortages. Persistent conditions of excess demand for labour however did not in most cases lead to changes in immigration policy, incurring not surprisingly a spate of clandestine migration.

In this paper we review the policies and institutions that **states of origin** have established in an attempt to influence the orderly movement of labour abroad. We draw mainly on the policies and institutions in Asian countries because in no other region have states taken as active an involvement in organizing emigration processes. We define policies and institutions at different levels: at the level of basic principles, including the stance states take on guaranteeing the basic rights of individual citizens to freely leave their country, as well as at the level of specific penalties and sanctions for violations of laws and regulations on recruitment.

2. National concerns and policy objectives

The various objectives of national policies on the movement of labour abroad reflect the **dilemmas** that characterize this area of state activity. On the one hand there is the desire to find quick means to absorb an underutilized workforce in gainful employment, to raise national incomes and savings, and to plug persistent deficits in the external accounts with the remittances of workers' earnings. It is also not unusual for national authorities to see it as a means to mollify social discontent as more and more youth are frustrated by unemployment. On the other hand states and governments cannot be unconcerned about the needs of their citizens for protection against fraud in recruitment, against abusive conditions of employment abroad, and against violations of their basic human rights. They must also be mindful of the need to insure adequate supplies of labour to make their domestic industries competitive, to avoid the dislocation of agriculture, to maintain and improve vital public services such as health and education in pace with development programmes, and to guard against the loss of the more energetic and entrepreneurial elements of the population.

2.1. The need for more jobs

The key question is how each of these objectives is perceived, ranked, and balanced against others by the national authorities. This has a bearing on their attitude towards insuring an orderly movement of labour abroad. For poor countries in desperate need to provide jobs for fast expanding workforces, there may be little interest in an orderly system that merely limits the potential benefits from having more of their nationals in some kind of job abroad where they judge themselves to be better off than staying at home. For countries that are rapidly industrializing, on the other hand, there may be pressures from domestic industries for the government to put a break on the exodus of needed skills.

How national authorities view the importance of overseas labour markets in resolving their unemployment problems is related to certain conditions. One may be the size of the national population and workforce. Evidently, overseas employment can make nothing but a negligible contribution to resolving the unemployment problems of China or India, but very much for countries the size of Tonga or even Sri Lanka. Another is a country's growth prospects. Labour deployment abroad has in some instances been treated as part of the short to medium term development strategy, to be abandoned as soon as the domestic economy is able to create a sufficiently large demand for labour. This kind of role assigned by national authorities to overseas employment is clearly spelled out in the five-year development plans of Indonesia which contains yearly deployment targets stated together with projections of remittances. For other countries the major concern might be what would happen to domestic unemployment levels if their nationals were to be forced to return. In Pakistan the Government estimates that the number of nationals working abroad is now nearly two million, constituting about 2 percent of the total labour force.

The primacy of the employment and remittance objectives is very clear in the less developed countries not only in formal statements in development plans but more importantly in the way it supersedes other policies when a conflict arises. It is not possible to take declared policy objectives at their face value and from formal policy declarations. What objectives are actually pursued in earnest depend as much on labour market conditions as on labour laws. For example, the policy to maintain some kind of minimum wage standard often remains in official policy statements long after they have been all but abandoned in practice. Where the choice is between unemployment or poverty at home and paid employment abroad, no matter how low the wages, the instinctive response is to opt for the latter.

2.2. Interest groups

While there is often an objective basis for the perception of national authorities that labour emigration alleviates unemployment, it is also very often true that national policies are strongly influenced by business and bureaucratic groups at home that have much to gain from continuing and even expanding it. There are large profits to be made from the recruitment business, from the transport of contract workers, from the transfer of migrants' earnings, and from their expenditures on all forms of consumption and leisure. The current number of Asian contract workers employed in a country other than their own is estimated at 6 to 7 million. They earn no less than 20 billion US dollars, of which probably 60 to 70 percent find their way home in one form or another of remittance. Close to two million Asian workers leave their countries every year to work in another country, which gives rise to at least several billion US dollars in service fees to recruiters, medical clinics giving health tests, and training centres; for air travel to places of work and return; and for interest on money loaned to the migrants. Very little is known of the full weight of migration-related economic interests in political processes; it would be surprising if they have not been actively engaged in promoting the continuation of emigration.

2.3. The concerns over abuses

One intractable problem that has dogged efforts to organize the movement of labour overseas is the ease with which it gives rise either to fraud, or corruption, and not infrequently to both. The eagerness with which workers are willing to pay money to find a better job abroad has encouraged a thriving market for job brokerage including fraudulent ones. At the beginning of the migration waves to the Gulf when labour was recruited directly by large multinational employers or by foreign governments there were few reports of abuse or of large amounts of money being demanded from workers seeking jobs abroad. The demand for skilled manpower often exceeded the supply of those with the right skills and the inclination to work abroad. It did not take long, however, for disorderly characteristics to take hold as the labour supply expanded and as the large employers were substituted by a multitude of small employers including households.

There are two issues of major concern to the governments of the countries of origin. One is their lack of control over the terms of employment of their nationals who go abroad. The other is their inability to put a lid on the cost to the individual worker of finding a job abroad. The former is usually associated with the migration of Asians to the Persian Gulf countries where contract substitution[1] has become common place; and with the growing number of workers who are victims of illegal trafficking syndicates in the region. The trafficking is a widespread problem which has

[1] The substitution of a contract containing terms and conditions inferior to the ones to

which the worker has agreed to prior to leaving his or her country.

always been a feature of migration where no state-sponsored system exists to replace the functioning of the market in "rationing" the few jobs available to the many waiting in the queue. Most countries have legal ceilings on recruitment fees but few officials would deny that actual fees paid are many times higher than the legally permissible fees.

2.4. The value placed on migrants' remittances

The severity of the imbalance in external accounts as a constraint to economic growth is likewise an important factor likely to colour perceptions especially when a country is heavily indebted, is suffering from a deterioration in its terms of trade, or both. Remittances of migrant workers to Pakistan, accounting in the early 1980s for as much as sixty percent of total imports, no doubt enabled the country to import more capital equipments and raw materials than would have been possible otherwise. In the case of the Philippines remittances have certainly made a big difference to the efforts to stabilize the economy during the worst phases of an economic crisis that owed its origins partly to internal political disorder and partly to the huge external debt that had to be repaid.

Perhaps more than the beneficial impact on employment, the demonstrated potential of labour migration to generate large remittances of migrants' incomes abroad has aroused wide interest in the continuation and expansion of labour migration. Unlike permanent settlement, temporary contract labour migration has brought home a windfall of benefits in the billions of dollars earned and brought home by the workers to their families. It has been estimated from a household income and expenditure survey that as many as fifteen percent of households in the Philippines receives substantial remittances from family members working abroad (Tan,1993). An increasing number of countries are counting on remittances as a major item in their balance of payments. The various policies to encourage migrants to send more of their earnings home are of course not relevant to the orderly movement of people *per se*, but the interest in maximizing the financial returns on the export of labour undoubtedly colour the perspectives of national policy makers. In any trade-off between more jobs and better wages the choice is likely to be the one that maximizes total remittances.

The value placed by policy makers on stimulating greater flows of migrant's remittances is understandable since its impact on economic growth has been substantial. Various studies undertaken by the ILO in Asia confirm the perception by development authorities that it feeds into the domestic economy as savings and investments at levels higher than would have been the case in the absence of migration (Amjad, 1989; Brown, 1994). Where financial markets are not yet developed and few alternatives are available to the migrants, their investments usually take the form of improvements in housing and greater expenditures on education. But regardless of who undertakes the actual investments the macro impact of remittances has been positive on investment growth, emboldened authorities to decide on liberalizing the foreign exchange market, and has been a factor in stabilizing the economy against external shocks (Alburo, 1993; Nayyar, 1989).

2.5. Raising state revenues

Migrant workers' contributions to government revenues usually take a number of forms. There are the direct income taxes that citizens must pay, but migrants' are just as likely as others not to comply with this obligation. A few governments have increased marginally their revenues through higher collections from this source, and have done so by asking migrant workers abroad to pay a simple-to-administer flat head tax. The bigger revenues are contributed by migrants in the form of indirect taxes on commodities and services purchased at home with increased consumption, fees for passports, processing fees for emigration clearances, attestation fees charged by diplomatic missions abroad, travel taxes paid by those preferring to emigrate clandestinely, and mandatory contributions to welfare fund schemes. Injections into the economy of large volumes of remittances have also stimulated the growth of those industries that are in the more formal sectors (e.g. construction materials, appliances, transport, etc) and therefore more likely to be covered by taxation measures. This is a little-researched topic which deserves closer attention, but it is very evident in policy discussions that there is much concern for maintaining and even increasing this source of income for governments.

In Pakistan and Sri Lanka state involvement in organizing labour emigration has been taken further with the establishment of new institutions that could generate substantial budgetary and extra-budgetary resources for support of the policy. The Overseas Pakistanis Foundation was created in 1979 to develop and deliver welfare services for the migrant workers and their families and was authorized by law to collect contributions from departing migrants. Every year it is able to generate over a hundred million rupees in worker contributions to a welfare fund that has helped to finance efforts of the Government to expand the overseas employment programme. In Sri Lanka a new statute in 1985 allowed the Government to establish the Sri Lanka Bureau of Foreign Employment which generates revenues from fees paid by all recruited migrant workers. The Bureau has likewise been able to finance various initiatives of Government including promotional missions abroad.

3. Policy regimes for orderly movement of labour

In respect of the rights of individual citizens to leave or emigrate from their countries for the purpose of employment abroad state policies may be broadly classified as being *permissive, liberal* or *restrictive*. Most states guarantee the rights of their citizens to free movement out of and back into their countries, but a few do not, for example, in the communist states where the movement of citizens within and outside the country is allowed only under certain strict conditions. In other states such rights may be guaranteed in principle by the state but in practice there may be many policies that effectively limit the exercise of these rights such as restrictions on the issuance of travel documents. These states cannot be said to have liberal policies on emigration but neither do they have closed borders. Restrictions may apply to all citizens or to specific social groups, and they often change depending on circumstances. Several states, for example, restrict the emigration of women for employment in certain countries where they cannot be guaranteed protection against abuse.

The differences among the countries with liberal emigration policies are generally small and often revolve around the restrictions on the emigration of young women workers. Pakistan, Bangladesh, India, Indonesia and the Philippines all have minimum age limits for women workers going abroad for employment. India however is more liberal in the exemptions to the requirement for emigration clearances than the other countries. College graduates, for instance, are automatically exempted from the requirement of an emigration clearance. In the case of Indonesia and the Philippines, the age limit applies only to women workers going abroad as domestic helpers or as entertainers. In the case of China and Vietnam the enjoyment of the right of individual citizens to leave the country is effectively limited by various conditions set by the state and by requirements of the authorities issuing travel documents. Individual citizens can, in principle, accept employment abroad but the very small numbers who actually manage to leave legally is an indication of how tightly emigration controls have been set in the interest of national security or other such social concerns. In the case of Myanmar, which has a highly authoritarian government, the issuance of passports is very strictly controlled for political reasons and only a few manage to get legal permission to leave the country.

Simple categories would not suffice to describe emigration regimes that have different shades and hues of restrictiveness and which do not apply with equal force to all sectors of the labour force. The following chart represents an attempt to classify selected countries of emigration according to how liberal or restrictive their emigration regimes are for unskilled labour.

Chart 1. Emigration Policy in Selected Countries

*** Indonesia**
*** Bangladesh**
*** India**
*** Pakistan** *** Myanmar**
*** Thailand**
*** Sri Lanka** *** Vietnam**
*** Philippines** *** China**

Liberal **Restrictive**

4. State vs private sector in organizing migration

Another basis for categorizing policies and institutions is the extent to which the movement of labour is left to the market or, alternatively, what role the state plays in organizing it. The Asian region presents a number of *models* of how labour migration may be organized. On one end of a continuum depicting the degree of state involvement, we again have China and Vietnam but this time it is on account of the active role played by the state in placing workers in jobs abroad. On the other end are most of the countries in South and Southeast Asia where the policy is essentially to leave all recruitment to the private agents. The Republic of Korea would be somewhere in between with about eighty percent of the labour migrants in the employ of private Korean companies that have contracts to undertake construction overseas.

The chart shown below does show some differences among the countries that basically follow *laissez faire* policies. In India the Federal Government has not felt it necessary to be actively involved in promoting labour emigration hence there are no budgetary appropriations and no specialized institutions set up at the federal level to support a governmental effort to secure more jobs abroad. Some states in India have set up autonomous state corporations to engage in overseas employment development but these have been of minor consequence to labour emigration from India as a whole. In the case of Bangladesh, Indonesia and Thailand the governments have been more *pro-active* in negotiating with foreign governments and major employers for their share of the labour market for expatriate labour. Bangladesh has set up the Bangladesh Overseas Employment Services Ltd. (BOESL) for the purpose. The Thai Department of Labour has actively sought out labour agreements with other countries notably with Taiwan(China) and Israel to get more placements for Thai workers.

Chart 2. Role of the State in Organizing Migration

*** Bangladesh**
*** India** *** Sri Lanka**
*** Pakistan** *** Rep.of Korea** *** China**
*** Philippines** *** Vietnam**
*** Indonesia**
*** Thailand**

Low state involvement **Organized by the state**

A unique model for organizing labour migration was developed by the Republic of Korea which was until the mid 1980s a major supplier of construction and other skilled labour in overseas labour markets. As in other spheres of development policy in that country it is difficult to see the extent to which the Government had a hand in shaping the final outcomes but the system that emerged had all the markings of substantial state support if not intervention. Labour migration from the country was organized chiefly by large private
Korean construction companies that since the mid 1970s proved very adept in winning large primary contracts in the Middle East. These companies directly recruited and employed workers for their overseas projects, transported them to the work sites, provided them with housing, food, and recreational facilities in virtual *enclaves*, and shipped them home when their projects were completed. This method of organizing the movement of labour followed the practice of other large multinationals in the business but Korea's experience was unique in the fact that the workers engaged were themselves Korean. The method eventually earned a separate designation as "project-tied" migration.

The Republic of Korea did allow private recruitment companies to place Korean workers abroad. The bulk of the business was captured by the Korean Overseas Development Corporation (KODCO), a state-owned company that had been in existence since 1965 but obtained the mandate to engage in recruitment for foreign employers from a special law passed in 1976. KODCO offered foreign employers and Korean workers a comprehensive array of services including its own medical clinic, travel agency, training facilities, loans to cover emigration costs, and even arrangements for the return and reintegration of contract workers sent abroad.

The Philippines has a system that is also characterized by a very *pro-active* Government policy and a close partnership with the private sector. At the beginning the Philippines emulated the Korean example, supporting the efforts of its fledgling construction industry to gain a foothold in overseas construction market and setting up a mirror image of KODCO in an autonomous body called the Overseas Employment and Development Board (OEDB). The system however failed to take off in the same way as the Korean model and the Government eventually abandoned the idea of a state-monopoly of recruitment. It subsequently shifted to a policy of "positive controls" over the private recruitment industry which was carried out by a new body, the Philippine Overseas Employment Administration. It took over the promotional functions of OEDB and the National Seaman's Board, and the licensing and regulatory functions of the Bureau of Employment Services of the Department of Labour.

Finally, we have the model of state-organized labour migration represented in the chart by the system found in two communist states in the region, China and Vietnam. They organize labour migration through state-owned corporations that have been especially granted the authority to engage in the *contracting of labour services* with both state and private companies in foreign countries. In China these are very large engineering and construction companies typically owned by provincial governments which have undertaken major infrastructure projects inside the country and for many years have also been involved with China's technical assistance projects for the least developed countries in Africa and Asia. With the policy changes in China since 1979 these companies were directed to shift to more profit-oriented ventures abroad including the placement of Chinese labour with foreign employers.

In Vietnam the corporations are regular industrial concerns such as textile mills or metal-works factories which in the years prior to the dissolution of the Soviet Union had entered into agreements with Eastern European companies to supply labour. At one time in the late 1980s there were over sixty thousand Vietnamese workers in Russia, the German Democratic Republic, Bulgaria, Czechoslovakia, and Poland. They were transferred from factories in Vietnam to factories in these countries where their salaries were partly used for repaying Vietnam's debts. Since the collapse of the Soviet Union the Vietnamese Government has been seeking alternative markets for

Vietnamese labour because of high levels of unemployment and underemployment at home. They succeeded in sending some workers to the Persian Gulf before the Crisis.

5. Evaluation of alternative models

How have the different models or systems for insuring the orderly movement of labour abroad fared in practice? To answer this question we would need some kind of objective criterion or set of criteria with which to compare the outcomes. We propose the use of two simple criteria and corresponding measures:

1. extent of labour emigration not passing through established control channels; and

2. transaction costs involved in emigration;

The *control criterion* would be the proportion of total labour emigration that does not pass through the registration or labour emigration clearance procedure established by the government. We assume that the movement is "orderly" if and only if it conforms to the procedures laid down by the government of the country of origin. This would exclude from "orderly" movement people who leave their countries without getting emigration clearances but enter the countries of emigration legally and obtain the necessary work permits upon or some time after arrival. From the standpoint of the sending countries, their departure constitutes a violation of regulations and is therefore unacceptable, even if the workers themselves are in satisfactory condition of employment and have regular status abroad.

This criterion would however consider as orderly the opposite situation of workers who do pass through the regular channels but whose status in the foreign country becomes precarious even though it may not be irregular. They would include workers who are not accepted by the foreign employer because of the failure of the selection process (e.g. they may not have the skills sought by the employer) or are victims of the widespread practice of contract substitution. These cases are known to be many but rarely surface in official records because the rejected workers are not sent home and those whose contracts have been substituted with inferior ones are forced by circumstances to quietly accept the terms they are confronted with on a take-it-or-leave-it basis.

In principle one would expect countries without rigid standards with respect, for instance, to minimum wages to score better on this criterion than countries with higher standards since in the former there would be little reason for workers to evade the procedure. For the same reason countries with restrictions or prohibitions deemed by the workers to be unreasonable could be expected to rate poorly on this criterion. The control criterion is therefore inherently biased towards more liberal policies on emigration.

The data needed to operationalize the *control criterion* are difficult to come by since the countries of emigration only have records of those who pass through the regular procedure. Many countries however are attempting to bridge this problem by occasionally conducting airport surveys to determine the extent of irregular emigration. The Overseas Pakistanis Foundation, with ILO's assistance, has already conducted several airport surveys for this purpose and so has the Sri Lankan Bureau of Foreign Employment. In this paper we make use of very rough judgements of the extent of the problem for different countries, for our intention is simply to illustrate its potential use for evaluating the effectiveness of different emigration policy models. For this purpose we rely mainly on some ordinal ranking based on a variety of reports and statements made by informed officials.

The *cost criterion* is a measure of how well or how poorly an emigration regime performs in enabling workers to seek jobs abroad and reach the employers who need them. The economic concept of transaction cost is a good indicator of the main idea since what is of interest is the cost of bringing workers from one situation to another as, for instance, from a job at home (or even a situation of unemployment at home) to a job abroad. In this example, the transaction cost would include such elements as recruitment costs (advertising, tests for skills and for health, selection,etc); fees for passports, visas, and emigration clearance; the cost of bringing the worker to the site of employment, and other costs that may be entailed before the worker actually gets down to work. The transaction costs may be borne wholly by the foreign employer (as often happens in the case of nurses who are in great demand in the US) or wholly by the workers, frequently by the poorest and least skilled.

Since ILO's interest is in policy regimes which **minimize the cost of emigration** to the workers it would serve our purposes better to have a criterion based on a narrower concept of transaction costs which includes only those borne by the workers. These costs would not include what the foreign employer is sometimes willing to absorb such as the cost of airfare from the worker's home and his or her return. They would also not take into account opportunity costs of the migrants who may forego some income while they search for better jobs abroad. They do include however other costs which owe their origin to:

- lack of labour market information;
- inefficiency of the bureaucracy, which leads to high incidence of recruitment fraud, and the cost of excessive red tape; and
- bribery in corrupt systems of control.

In a situation of excess supply (many people lining up for a few jobs) what people pay recruiters also usually depends on the **wage differential** between the country of origin and the country of employment. The recruiters in effect are able to appropriate for themselves as much of this wage differential as the job seekers are willing to yield. This is not in essence a part of real transaction costs but simply a reduction of the expected income from foreign employment. It is not an economic cost (although it may look that way to the worker paying it) since no real resources are used but simply a redistribution of expected income. The redistribution however takes the form of transfers in favour of the recruiter before the worker even starts earning the income. What is transferred tends to depend, on the one hand, on the size of the differential, and on the other, on the size of excess supply of labour. In principle the recruiter would not be able to demand such a redistribution of expected earnings if there were an excess demand for labour. Indeed we find this to be true of professionals and other technical workers who participate in migration.

Presumably the upper limit of what recruiters could appropriate depends on the minimum wage differential that would just tempt workers to seek employment abroad (see below box).

Recruiters may appropriate a portion of the wage differential but not the whole of it, for workers would obviously want to be compensated for the psychic cost of leaving home. In the graph below we have two countries A and B with a combined workforce of AB (country A has ALo while country B has BLo). Country A is a technologically more advanced country than B, reflected in the higher productivity of labour (MPLa compared to MPLb) and higher wages (Wa compared to Wb). If A allows the entry of foreign workers, say in numbers represented by LoL_1, its wages will decline from Wa to Wa' but they would still be much higher than wages in B (which rise from W_b to $W_{b'}$). The migrating workers may be able to earn the wage, Wa', in the receiving country which is higher by the amount DG from what they received prior to leaving their country. Unfortunately, lack of information and institutional factors may prevent employers from hiring B workers directly. They must pass through recruiting agents who exact from them a share in the wage differential represented by RF. Recruiters are able to exact "rent" by selling the information necessary to get the higher-paying but scarce jobs abroad. How much would be paid is determined by the size of the wage differential, RF, at the limit.

This may not always be the case however if the job-seekers are ill-informed and are deceived into thinking that the differential is larger than it actually is. The uneducated workers may find the whole business of different exchange rates and differences in the costs of living between countries too confusing to make a reasonable decision. It is also possible that they may be aware of the true differences but take the risk anyway in the expectation that they will have a longer period of employment abroad to recoup the investments involved.

6. Control over workers' emigration

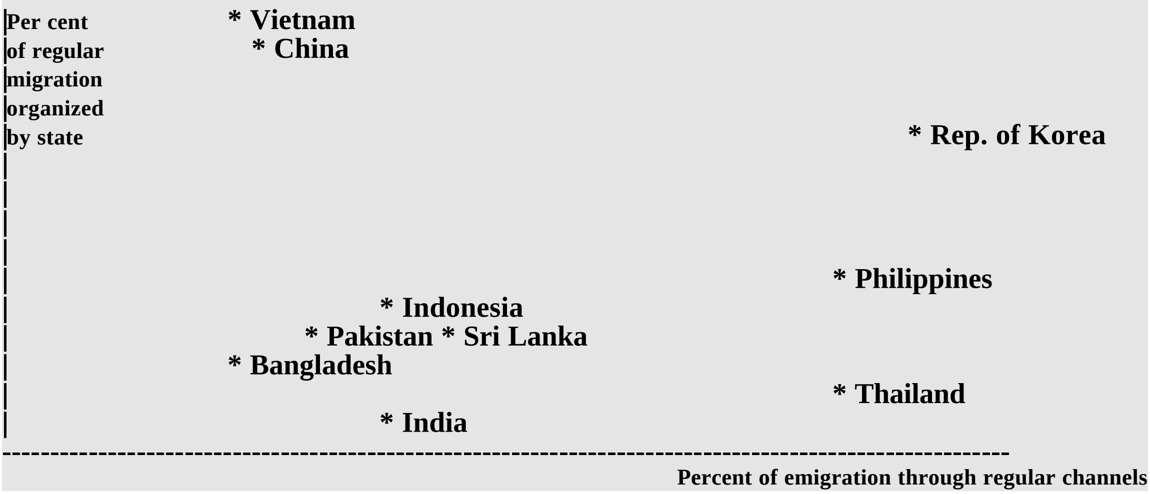
In the following chart 3 we attempt a very impressionistic assessment of how different models of organizing emigration affect the state's degree of control over emigration as indicated by the proportion of labour migrants who pass through legal channels. The vertical axis indicates the degree to which states are taking an active role in organizing migration. At the bottom end there is a very low involvement of state institutions and resources in organizing labour placements overseas. At the higher end a very large proportion of placements abroad would be credited to state sponsorship, either directly as in the case of placements by state contracting corporations, or indirectly through state active support to private recruitment. We would expect that the more the state gets involved in organizing labour emigration the more control it would have on the outflows. There would be, in other words, a positive correlation between the two variables or the countries would be distributed along a line with a positive slope.

The actual distribution, based admittedly on very rough approximations, shows some kind of positive slope if we disregard the two communist states of Vietnam and China from where large clandestine flows of labour have frequently been reported in the press. The distribution suggests that governments' active role in organizing migration makes a difference to the extent that they can influence emigrating workers to pass through the procedures laid out by the state. Obviously there are important qualitative differences assumed in the measure of state's role in organizing migration. The chart suggests that a model like that of the Republic of Korea has many merits since it allows a very large degree of state control over emigration without having to adopt strenuous measures to regulate or restrict the movement of people.

The other countries that have been modestly successful in influencing their nationals to use the regular channels are the Philippines and Thailand. Both are middle-income countries that share many similarities including their systems and policies on labour emigration. Both allow their citizens to travel abroad freely and their governments work closely with the private sector in recruitment. It appears from all available information that the percentage of labour emigration from these two countries that escape the registration system cannot be more than ten to fifteen percent of the total flows. This is especially notable because in the ASEAN region the citizens of the member states can enter each other's borders without the need for a visa.

It is more difficult to interpret the experience of states like Vietnam and China since we have very little information on emigration from these two countries. The information coming from authorities responsible for state-organized migration appears to capture only a small segment of what could be considered regular emigration of labour. For instance, we know almost nothing of the number of individuals who leave for jobs abroad under their own individual

Chart 3. Degree of Control Over Labour Migration



arrangements (usually with the help of extensive networks of Chinese or Vietnamese communities abroad). On the other hand there are many reported flows of clandestine workers from these countries passing through land routes in third countries such as Thailand; hence in our chart the two countries appear to be relatively unsuccessful in influencing the outflows to pass through regular channels. It is hardly surprising that this would be the case since the numbers of workers that Chinese or Vietnamese corporations have been able to take outside the two countries' borders are an infinitesimal fraction of their large workforces.

It is also difficult to place India on the horizontal axis since it would depend on how we define emigration through regular channels. As mentioned earlier the Government takes very little initiative either in promoting or controlling emigration. The controls over the exit of nationals are applicable basically only to the unskilled and the uneducated, and among them those who already have experience working abroad are actually exempted. The measure of control over emigration represented in the chart must therefore be interpreted with these features of the Indian system in mind since they differ from the other countries'. We give India a lower rating with respect to the percentage of emigration through regular channels because the many exemptions to the emigration clearance requirement have the effect of reducing the state's control over emigration. The Government may in fact not even know how many of its nationals are going overseas for employment.

It is curious how geography could be taken into account in this kind of evaluation. Is it more difficult for countries in close proximity to richer, labour-short states, to establish effective controls over emigration flows? Would it be inherently more difficult for Indonesia, for example, to regulate the flows to neighbouring Malaysia, than for another island state like Sri Lanka that is farther away? Distance is probably a significant determinant but not as powerful as other factors. The actual labour emigration from Sri Lanka has been estimated by the Bureau of Foreign Employment to be more than double the numbers that pass through its clearance system. It has a much larger proportion of clandestine emigration than the Philippines or Thailand which are closer to immigration poles like Taiwan, HongKong, and Japan.

7. Minimizing the costs of emigration

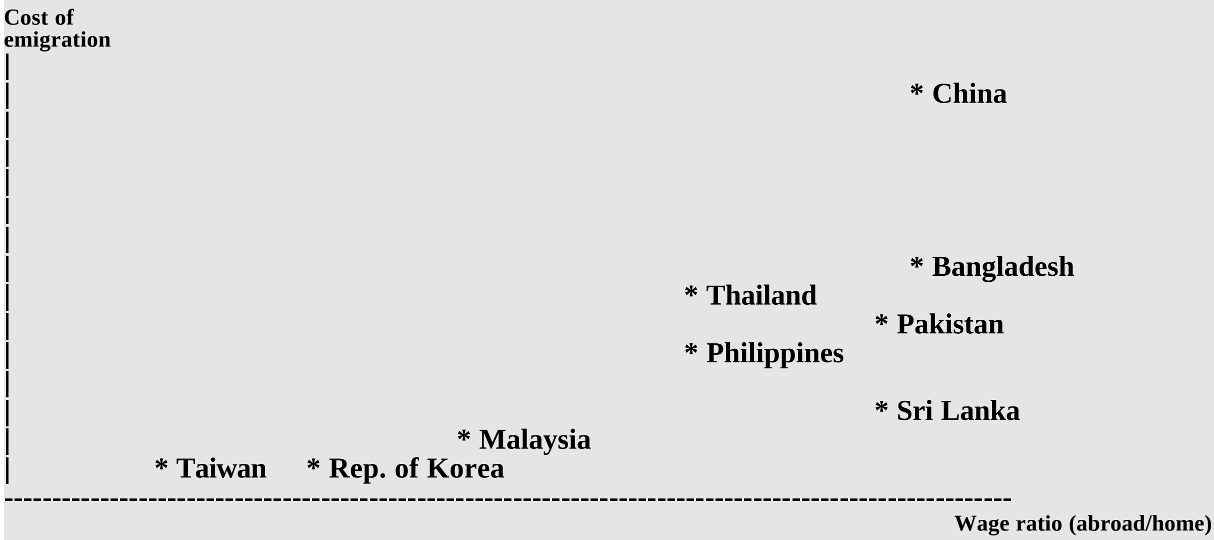
Much of the worries in the administration of emigration policy spring from the apparent ineffectiveness of regulatory controls to put a cap on rent-seeking by recruitment agencies. Unfortunately the typical policy response to the problem is to establish more bureaucratic controls which simply raise the transaction costs without really having much impact on the total cost borne by the workers who go abroad. The total cost that workers will be willing to pay would presumably not be affected by the increase in transaction costs. The recruiters will simply not be able to appropriate the same amount of the workers' expected earnings as they did before.

In many countries the amounts involved may be equivalent to anything from two to six months of basic salaries that one can hope to earn abroad. Most regulations however put a much smaller upper limit on what private recruiters may charge the workers, albeit with little success since the latter may still consider it worthwhile to pay a higher amount. In order to enforce the standard some governments have made it a requirement that the payment to the recruiter be made through designated banks (as in Pakistan) or through the responsible office (like the Bureau of Foreign Employment in Sri Lanka). The standard or rule is evidently easy to circumvent and motivates people to take the back door as clandestine emigrants. The threat of heavy financial penalties for violating the rule would only work where recruiting agents see great risk of being caught and penalized. In most countries however the litigious process of prosecuting violations through the civil courts has made it very difficult for governments to discourage violations.

It would be important to know if the cost of emigration borne by the worker is significantly influenced by the measures taken by governments to curb the rent-seeking tendencies of private recruiters. Unfortunately there is no direct way of measuring such tendencies. One way out of this difficulty is to assume that the tendency varies proportionately with the wage differential between jobs abroad and jobs at home. For each sending country this can be represented by the ratio of its average wages to those of the major country of destination. In chart 4 below the cost of emigration borne by the worker is indicated on the vertical axis as a percentage of the expected total earnings over a one year period. For example, previous studies undertaken by the ILO show that in Bangladesh workers pay up to US $ 2,000 to get to Saudi Arabia as unskilled contract worker. Since the average wages for an unskilled foreign worker in Saudi Arabia is only about $ 200 a month, the cost of emigration will be represented on the vertical axis as a high value of 83 percent of expected annual earnings. The horizontal axis, on the other hand, indicates how many times larger such a salary of $ 200 is over what an unskilled worker can earn in Bangladesh. If this is $ 50 a month then the ratio will be 4.

The chart is not meant to show actual values but simply to provide some insights into the question we posed earlier on whether policies make a difference in reducing emigration costs or, alternatively, if policies really do not matter since costs are in any case determined by the wage differential. Care was however taken to show relativities that roughly conform to well-

Chart 4. Cost of Emigration Related to Wage Differential, Selected Countries



known facts about wages earned by migrants abroad and what they usually pay recruiters.[2] We included Taiwan (China), the Republic of Korea, and Malaysia because these countries do send workers to Japan. From chart 4 we found that the cost of emigration is indeed roughly correlated with the wage ratio or differential. This suggests that market forces are indeed dominant and policy interventions are not powerful enough to neutralize them. However not all the differences can be explained by wage differentials.

If we hold the wage ratio roughly constant we find differences in the cost of emigration as, for instance, between Sri Lanka and Bangladesh, and between Thailand and the Philippines. Can these be accounted for by differences in policies? If policies can account for the unexplained differences, this would be an important finding since our interest in this paper is in identifying the interventions to insure the orderly movement of labour abroad. It can be argued that the difference between the Philippines and Thailand is indeed due to the difference in state commitment to stamping out recruitment abuses. In Thailand overseas employment is no longer a major agenda item for policy makers but it remains so in the Philippines where many more families are dependent on it and

[2] In Bangladesh, Mahmood estimated that the average cost of emigration was about Tk 26,000 in 1990 compared to average expected income of Tk 10,800 per month (Mahmood, 1991). In Pakistan Fahim Khan reported that the average cost was Rs 9,000 compared to average monthly income of Rs 3,984 during the first year of migration (Khan, 1991).

where the Government is always under unremitting scrutiny from the press, the Congress, the Church, and countless NGOs and pressure groups for any failure to act on abuses or fraud committed against migrant workers. We suspect that the same pressures are operating strongly in Sri Lanka and may explain some of the differences between it and Bangladesh.
In theory the cost of emigration should be lower for countries with larger established communities abroad than for those with smaller ones because the former's nationals would be better informed and have relatives and friends to help arrange the migration process. We should, therefore, expect countries' citizens which preceded others in international labour migration to enjoy an advantage, at least in so far as certain countries of destination are concerned. Pakistan, for instance, should have a lower average emigration cost than Sri Lanka for workers going to Saudi Arabia if the impact of **networks** established abroad is the major determining factor. But the information available, admittedly very sketchy and for undifferentiated jobs and countries of destination, indicates the contrary. Pakistani workers tend to pay more than their Sri Lankan counterparts for jobs abroad. It is very possible that there may not be any cost differences if the basis of comparison is the same job and the same country of employment. Hence we would have to compare what a Sri Lankan and a Pakistani construction worker pays to get similar jobs in Saudi Arabia. Unfortunately we do not have sufficiently detailed information to examine this interesting question.

Key informants in many Asian sending countries commonly observe that emigration costs today are largely driven, on the one hand, by the monopoly power exercised by "sponsors" or job-brokers in the Gulf countries on work visas to their countries and, on the other, by the ever increasing numbers of job-seekers competing for these jobs. Some sponsors, *khafeels* as they are called in Saudi Arabia, do not actually recruit workers for jobs: they "sell" work visas to the highest bidders. The situation has deteriorated to the point that those who paid to obtain these visas frequently arrive in the foreign country without any specific job waiting for them. Since foreign workers are paying money to move, it is in the **interest** of these job-brokers to bring in more workers from abroad. While the sponsorship system in the beginning was apparently aimed at helping the national authorities to exercise effective control over foreign workers, it now embodies a vested interest in increasing the number of foreign workers.

8. Limits to policies of the countries of origin

The kinds of policies that states have evolved reflect in some measure the weakness of international regimes governing the migration of labour. Many of these policies have been fashioned in an attempt, albeit often futile, to extend protection over citizens who go beyond the territorial jurisdictions of their own countries. Generally, sending-countries' policies focus on (i) curbing abuses in recruitment and (ii) setting standards for employment contracts.

In countries where the organization of emigration has largely remained in the private domain, **recruitment abuses** have led states to intervene through various laws and regulations governing the establishment and operation of the private recruitment intermediaries. All Asian sending countries prohibit the recruitment of their nationals by persons or entities other than those licensed by proper authorities. The **licensing requirements** vary from one country to another in only a few minor details. They generally require licensees to be resident nationals because recruitment agents rather than the employer abroad can be made answerable for violations of recruitment regulations and employment contracts. It is now also very common for countries to require that licensees put up financial guarantees, i. e. fixed amounts to be deposited in designated government accounts to answer for possible future claims of the government or the workers.

Aside from supervising the establishment of private agents, the other measures adopted with a view to curbing fraud and corruption in recruitment have included the **regulation of advertising**; **inspection of recruitment agencies**; **certification** by national authorities of job offers, visas, and powers-of-attorney; stiff **penalties** on perpetrators of fraudulent recruitment; strict **border checks** on the travel documents of workers leaving the country; and the adoption of **limits to recruitment fees** that the agents may charge.

Employment contracts and the whole system of standards-setting and safeguards to perfect them have been the cornerstone of efforts to protect nationals abroad. Arming workers with legally-binding contracts of employment is considered particularly important for workers where they move to countries of employment in which they are unlikely to receive adequate protection or non-discriminatory treatment under existing laws. Many of these safeguards would make no sense or would be superfluous in destination countries with more progressive labour regimes than those of countries of origin. This explains why they are not applied to those permanently migrating to countries such as the United States, Canada, or Australia.

Administratively-set standards are now frequently embodied in **model employment contracts** which are made the basis for permitting the employment of nationals by entities or firms abroad. The policy is evidently meant to protect workers at the lower end of occupational structure who may not possess the knowledge necessary to bargain for better terms. For example, in India the requirement for an **emigration clearance** does not apply to people judged to be capable of defending their interests such as college graduates, professionals, former civil servants, and workers who have already been employed abroad.

In recent years there has been a notable trend towards the abandonment of *minimum wage standards* because they can no longer be enforced through employment contracts. In the absence of agreements with states of employment on minimum wages and where there are no machineries and procedures for registering with them the contracts that have been approved by the countries of origin, it is very easy for contract substitution to take place. Authorities in the countries of employment would have to assume the responsibility of ensuring that violations of contracts are penalized, as the Labour Department of HongKong does. Otherwise much of the effort to perfect contracts in origin countries is of little value and emigration clearance procedures, which add to the cost of emigration, lose their rationale.

The experience that has been gained by administrators and the information generated through registration systems have contributed to the greater awareness of the problems experienced by migrants and the issues at stake for state policy. Governments are today committing more technical and financial resources to the planning of migration policy and to addressing the issues they raise in various spheres of state activity. Over the last two decades a number of specialized institutions have sprung up to address specific concerns, ranging from the need to provide the recruited workers with some basic information and advice before their departure, to helping them plan for self-employment upon return. The "bureaucratization" of labour migration policy has indeed reached very sophisticated levels in some countries, especially where rates of emigration have been high.

All these measures may have had some effect on creating more orderly migration but these are not very evident judging from the outcomes. The basic weaknesses and flaws of these policies are, however, very apparent. Clandestine migration has remained unchecked and populations of illegal or undocumented workers are growing everywhere. Contract substitution continues to be rampant and effective wage differentials have narrowed because of the rent-seeking activities of intermediaries.

There is clearly a need for closer cooperation between states of origin and of employment to bridge the gap between their respective jurisdictions. Short of resorting to authoritarian measures, the states of origin cannot act alone to stop all of their citizens from working abroad illegally and from accepting terms and conditions which would drive nationals of the host country out of employment. After all, they *leave* their countries legally. They only become "illegal" *after* they have entered the jurisdiction of the country of employment. Effective action to stop violations of contractual obligations can only take place in the country of employment, not in the country of origin in spite of rules which hold the recruiters liable for infringements committed by the foreign employers.

The same is true of interventions to minimize rent-appropriation by intermediaries in recruitment. Since recruiters, at either or both ends of the migration chain, can exact a share of the wage differential from the workers through deductions from contract wages in the course of employment abroad, there is little that the authorities in the country of origin can do to prevent it. In fact it is probably only through the action of the state in the country of employment that it would be possible to take away such "rent" from the recruiters. The Foreign Workers' Levy in Singapore is one such means since the levy has the effect of bringing about a market equilibrium.

9. Inter-state cooperation for the orderly movement of labour

There has been a general lack of interest on the part of the receiving states to engage the states of origin in any bilateral or multilateral agreement to establish rules to govern the movement of migrant workers. This attitude stems largely from the concern that a guest-worker programme would not work and would eventually lead to more permanent settlement. In many instances it was also anticipated that state intervention in the form of formal agreements with source countries, would only raise the cost of foreign labour and constrain the ability of the employing countries to send the workers home whenever it suited them. Other than a few agreements that the Philippines has entered into with some advanced industrialized countries on social security for migrant workers, there are virtually no agreements on labour migration concluded by Asian supplying countries with countries of employment.

9.1. Joint commissions

Some states of employment have been more receptive to the idea of establishing less formal arrangements for cooperating with states of origin on the management of labour migration. Over the past few years there have been some notable institutional developments such as for example the establishment of **Joint Commissions on Labour**. These are essentially machineries for regular consultation between administrative authorities of the countries of origin and of employment on all issues that they may agree to cover. Such Joint Commissions are now increasingly being relied on by Asian governments to gain greater cooperation from governments of Arab States as well as of Asian countries of employment.

The advantages of these joint consultative machineries lie in their practicality and simplicity. Unlike formal treaties they do not bind states to courses of action that they may not be willing to commit themselves to, but which they may be quite prepared to do unilaterally. Such Commissions are often established by a mere exchange of memoranda between concerned national authorities and contain nothing more than a general statement of intention to engage in regular dialogues over problems and issues that arise in the course of employment of the nationals of one state on the other's territory.

Joint Commissions have so far been established on a bilateral basis as an informal and flexible structure for regular consultations between administrative authorities (usually labour ministries) of sending and receiving countries. They may agree to meet as often as necessary, at technical level, and without the need for formal procedures. They are, for instance, being used as a means of informal consultation on new rules being considered for adoption by the immigration authorities of the countries of employment or on new standards being set by the countries of origin. There are examples of how Joint Commissions contributed to the reversal of rules already adopted which were later found to be unfair by the migrant workers. They generally are not supposed to take up problems of individual workers but there have been cases where complaints of individuals have been used to alert authorities to administrative inaction or to get higher authorities to correct abuses by petty officials at local levels.

9.2. Round table meetings

There are still no established structures for regular consultations on a multi-lateral level among sending and receiving countries. One formula that the ILO tried in the past is the organization of informal **Round Table Meetings**. In these meetings the participants were not under any pressure to agree to formal, written conclusion. The aim was simply to provide an opportunity for a frank exchange of views on contentious issues where little possibility was seen for formal agreement. The three **Arab-Asian Round Table Meetings** which have so far been organized probably achieved this objective, but there was no machinery for following up on any remedial action which might have been taken by the participating institutions as a result of the discussions.

9.3. Study committees

There is evidently a need for insuring continuity of dialogue. One formula that has proved successful in the area of international trade is **Study Committees.** Such Committees, already common in trade negotiations on agricultural products and minerals, have served well the need for continuing consultations among buyers and suppliers both of whom are interested in maintaining some stability in commodity markets. Unlike Commodity Agreements, such as for instance the Tin Agreement, which involved protracted negotiations but later proved less than effective in insuring the compliance of signatory countries, the Study Committees have become more popular since they promoted greater transparency in the relations between the parties and helped bring into the open information that the producers needed for planning long-term investments in the industry.

The establishment of a multilateral **Study Committee on Foreign Labour** would represent a non-threatening, practical means for coordinating labour migration policies of the major countries of origin and destination in various regions. For instance, the time may be ripe for such a Study Committee to be set up as a part of the ASEAN Secretariat or of the rapidly emerging new grouping of APEC. Its initial functions could include the following:

- to collect information and serve as a data bank on matters relating to the conditions of foreign labour in different countries;

- to provide an analysis of labour market trends in the region, especially in areas of complementarity in the supply of critical professional and technical skills;

- to analyse possibilities for collaboration on matters of common interest such as the regularization of illegal workers, controls on clandestine migration and the trafficking of migrant labour or the regulation of recruitment abuses;

- to provide studies of the future labour market and human resource implications of various economic integration schemes such as the "growth triangles", the ASEAN Common Market, and APEC.

9.4. Potential role of training schemes for organizing migration

Finally, consideration might be given to boosting inter-state collaboration in the organization of the movement of labour within the region under the auspices of the recent **Foreign Workers Training Programmes** launched by the Governments of Japan and of the Republic of Korea. In our view, these programmes offer an excellent opportunity for involving institutions other than private recruitment agencies to organize the selection, placement, and return of workers to their home countries. In Japan, arrangements are handled by various state agencies such as the Japan International Training Corporation (JITCO), the Ministry of Labour, industry associations, and even international organizations.

What remains to be done is to mobilize counterpart organizations in the countries of origin that can organize the initial selection as well as the later employment of the trainees upon return. Federations of small industries also exist in these countries of origin whose members stand to gain substantially from sending their employees for training in Japanese or Korean companies. It would be easy to establish requirements, such as having at least three previous years of regular employment in the company, to guard against converting the programme to another opportunity for profiteering.

10. Conclusions

It is clear from our analysis that conditions in the labour market greatly limit the role that *emigration countries'* policies and institutions can play in ensuring the orderly movement of labour abroad. Democratic states which respect the basic rights of their citizens to free movement have had to resort to a large variety of measures and controls to have a modicum of influence on the migration processes and the conditions of employment of their nationals working abroad. The Republic of Korea has shown that an early effort at establishing institutions for organizing labour migration pays off in terms of better control; but not many countries in the region have simultaneously been able to develop successfully and rapidly to absorb labour in their domestic economy. The other countries started developing emigration controls much later, indeed after networks for labour migration had been established by earlier migrants and by a profitable recruitment industry. Our review of the experience shows that there is only a weak relationship between the degree of state involvement in the organization of migration and the success in influencing outflows so that they pass through regular channels. Experience suggests that the cost of emigration is largely a function of wage differentials but may be modulated by policy. Generally, however, the fact remains that emigration countries' policies can only have the desired impact if there is an international regime that supports them. Without the cooperation of the states of destination they merely serve to increase the cost of emigration.

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B. ACTIVE LABOUR MARKET POLICIES IN LABOUR-SENDING COUNTRIES: WHAT ROLE IN REDUCING THE NEED FOR EMIGRATION?

by

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1. Introduction

The fundamental role of nation states is to ensure the security, welfare and freedom of choice for its citizens. Public policy must, as a first order of priority, seek to make efficient use of the country's indigenous human resources and productive capacity - before tapping other countries' resources or shedding excess labour through emigration. This calls for the generation of economic opportunities to enable individuals to have access to employment and incomes, as well as the equitable distribution of the gains from growth to the population so as to prevent and combat poverty and marginalization. It is only through a commitment to a sustained policy to these ends that real freedom of choice can be guaranteed, where individuals can choose between viable alternatives of maximizing their individual welfare by staying or migrating.

Some of the international migration of labour that takes place today is actually highly desirable from the viewpoint of the individuals involved or of the economies of migrant-receiving and migrant-sending countries. Businessmen, managers, university personnel and similarly highly skilled people must be able to move around without let or hindrance. They oil the cogs of the international economy and are, indeed, almost universally welcome. Numbers do not play a role - one could almost say: "The more, the better."

By contrast, unskilled workers or workers with ordinary skills who are looking for remunerative employment in high-income countries are rarely welcome today, certainly much less so than in recent decades. They frequently find the doors closed to them. If they slip in through the back doors, they become illegal with all the problems resulting from that status for them and for law-abiding job-seekers and other citizens.

In the mid-1990s and as far as one can see ahead, there are more skilled or unskilled workers looking for employment in high-income countries than these countries' dominant political elites are willing to admit. [1] This phenomenon is popularly referred to as immigration pressure for the receiving countries and emigration pressure for the labour-sending countries.

Many migrant-receiving countries, with the notable exceptions of Arab States, Australia, Malaysia, Singapore and the United States of America, have been pointing for some time to the need to reduce emigration pressure in low- or middle-income countries through the acceleration of development buttressed by the expansion of international trade, the increased flow of investment funds to these countries and more or better targeted aid from high-income countries. [2]

Emigration countries are in two minds about emigration. It helps them if surplus labour, especially of the unskilled kind, goes abroad and remits home sizeable portions of its earnings. It hurts them if scarce manpower leaves more or less permanently. At any rate, most countries would much prefer to be in a position to offer their nationals the opportunity to find satisfactory employment and living conditions at home.

[1] One group forming part of that elite, the ultra-liberal school of thought, espouses an open-door policy at least on paper.

Some businessmen of this pedigree liberally employ foreigners whose status they know to be irregular.

[2] Western European countries, Canada and Japan have been at the forefront of national endeavours to reduce labour emigration pressure, see for example ILO and UNHCR 1992, and OECD 1994. Australia and the United States are worried, not about economic migrants, but about the seemingly mounting wave of refugees and they share the widespread concern for tackling the root causes of politically-induced emigration.

Emigrants, too, would generally prefer to stay at home. None of them, one can be sure, relishes being in an illegal situation on another country's soil unless they are compelled by circumstances or led to believe that it leads to a better life for them.

Emigration pressure can be compared to inflation: the more pressure there is, the worse its repercussions. In fact, emigration pressure is cancerous both economically and socially. Labour-receiving countries feel that they have to resort to administrative coercion to keep unwanted foreigners out; and their post-entry policies are hamstrung by the growing xenophobia associated with rising emigration pressure. Labour-sending countries find that their citizens turn their minds to realizing their dreams abroad and become less inclined to devote their efforts to ameliorating conditions in their home country.

Many of the three key actors in the international labour migration field - migrant-receiving countries, migrant-sending countries and individuals - undoubtedly subscribe to the aim of reducing the need for people to have to expatriate themselves for economic reasons. So the question that labour-sending and labour-receiving will have to address - jointly - is: how can one reduce emigration pressure.

2. How can one conceptualize the reduction of emigration pressure?

Reducing the need for emigration can only mean to enable all inhabitants of a country to choose their employment freely and the place in which they want to work - in their own or another country. To realize that objective means essentially to change the economic incentives in favour of the people who feel that they have to move abroad to improve their own conditions.

That can be done, firstly, by *influencing the macro-economic determinants* of a country's economic fortunes. Some former emigration countries have been able to do it successfully -the Republic of Korea or Malaysia and Italy or Spain are cases in point in Asia and Europe. Secondly, it can be done by *rendering the labour market more efficient.* And, thirdly, it can be done by *targeting active labour market policies on population groups, sectors or regions characterized by a high degree of emigration pressure*. In actual fact, the three have to go together: macro-economic policies will flounder if the labour market cannot respond efficiently; and active labour market policies require steady growth of the economy to bear fruit fully, irrespective of whether they are targeted on emigration pressure or of more general applicability.

2.1. Influencing individuals' or households' motivations: the macro-economic approach

We can assume that emigration pressures eventually abate as standards of living become similar among countries. The relationship between migration and development in the short and medium term, however, is by no means straightforward. Records of past migration and economic change in Europe indicate that, in the short term, there was a strong positive correlation between industrialization and the onset and peak of emigration; and the same happened in Japan. The first country to develop economically and the most advanced nation at the time, the United Kingdom, sent by far the largest number of emigrants abroad.[1] Emigration did eventually subside and many of these countries have since become countries of immigration themselves.

[1] See Massey 1988.

Contemporary times have not seen such a scale of migration as occurred across the Atlantic between the second half of the nineteenth century and the end of the First World War. Fifty-seven million Europeans crossed that waterway! There are no longer large immigration countries such as the United States of America, Canada or Australia to absorb the numbers who are dislocated during the process of agricultural transformation in developing countries or transition economies. Today's migration flows from developing to the industrialized countries are but a pale shadow of the earlier flows of migration for settlement.

Unfortunately, the efforts of developing nations to create growth and employment at home have been seriously undermined by the global economic environment of the 1980s. A recent ILO study attributed this to conjunctural developments which squeezed the ability of many developing countries to stimulate their economies.[1] Deflationary policies pursued by the advanced countries led to slower growth and to unprecedented levels of unemployment. The recession led to a decline in the exports and the terms of trade of the developing world. This was exacerbated by the spread of protectionism which was often directed at the labour-intensive exports of developing countries. For the heavily-indebted developing countries, macroeconomic policies in the OECD countries, especially the United States, which led to higher interest rates and a sharp drop in the flow of capital, have had critical consequences. Worsening external imbalances have forced contractionary policies on these countries. These had very severe negative consequences on growth, employment and the incidence of poverty.

While the existence of a favourable global environment is of crucial importance to increasing the absorption of labour in the developing countries and transition economies, the central role of sound domestic development policies cannot be overstated. This is nowhere demonstrated more eloquently than in East Asia, where many countries rode out these external shocks to attain record rates of economic growth during the last two decades. The reasons for their success invariably included the following: high savings rates induced by policies which reigned in inflation and kept positive the real rates of interest; budgetary discipline which kept deficits at manageable levels; management of exchange rates to maintain international competitiveness; and flexibilities in labour and capital markets to facilitate adjustments to external shocks.

One aspect of this experience in East Asia that is especially relevant is how quickly a "turning point" in migration was reached by some countries. A good example is the Republic of Korea, which was a major supplier of contract labour in the Middle East up to the early 1980s and was for most of the 1960s and 1970s one of the largest sources of permanent immigrants to the United States. Out-migration flows have since drastically declined while inflows of foreign workers have accelerated. The transition from being a country of emigration to a country of immigration is no doubt due to the steady rise in real wages during the last two decades, except for very brief periods when wages were repressed as part of stabilization measures.[2]

The East Asian experience highlights the importance of export-led strategies in promoting rapid growth that would be capable of absorbing labour and reducing the need to emigrate. The macro policy instruments that have proven helpful in this regard are not those that bear directly on the labour market. They were exchange rate policies which insured that currency appreciation did not erode international competitiveness; monetary and fiscal policies which insured macroeconomic stability and the productivity of investments; as well as income policies which minimized the inequalities that rapid industrialization tends to generate.

[1] See Khan 1994.

[2] For an elaboration of the Korean and other cases of emigration countries that have become immigration countries, see Abella 1994.

It is clear, however, that the impact of economic growth on migration is transmitted through the mechanism of the labour market and for this reason labour market institutions and policies are important. The East Asian newly industrializing economies represent examples of well-integrated labour markets where interventions through policies such as minimum wage laws did not lead to large differentials between agriculture and industry. The gains in one sector, such as those that derive from export-led growth, got quickly transmitted to the other sectors. They therefore did not incur the large wage disparities that in many instances created pressures on firms in the modern sector to adopt labour-saving technologies, which would have been premature because of the existence of surplus labour elsewhere. These countries were able to maintain for some time their competitiveness in labour-intensive manufactures until labour shortages developed and prompted a shift in policy to bring about structural change.

While development can be expected to bring about a decline in emigration pressures in the long run, in countries at low levels of per capita income it may, in the short run, have the opposite effect of increasing them. This perhaps accounts for the phenomenal growth of internal mobility reportedly taking place in many parts of China, some of which has spilled over to emigration. However, in middle- and higher-income countries the relationship will logically be an inverse one. A recent study on Mediterranean Europe made this very distinction regarding the effect of income growth on the propensity to emigrate in low- as opposed to middle-income countries. It found, for the latter, evidence of the negative impact of income growth on emigration. [1] During the eighties, emigration flows from countries like Spain and Greece did not rise with the economic recovery in those countries.

2.2. The target approach to the reduction of emigration pressure

While one school of thought emphasizes that the structural determinants have to be right to achieve a high-growth scenario, proponents of the target approach maintain that specially designed measures are required if one wants to improve the situation of a particular region, sector or population group. [2] It is, for instance, not enough to rely on economic growth to improve the relative status of women: legislative measures, training, even empowerment may be needed for women to attain a level of effective equality of opportunity and treatment. Another example are civil servants losing their jobs through structural adjustment policies: they will need special training, counselling, mobility incentives, etc., not just a faster growing economy several years hence, to be able to pick up employment opportunities quickly.

So it is in the field of emigration pressure. While the experience of Italy, Spain and of Pacific Rim countries certainly comforts the "structural determinants" school, it is also in some ways exceptional, particularly as regards the outstandingly high growth performance of these countries over a long period of time. There are traditional labour-sending countries in the middle-income range such as Colombia, the Philippines, Mexico, Morocco and Turkey which, despite respectable growth rates, have seen the economic gap widen that separates them from their migration partners; [3] and they see the queues of emigration candidates lengthen rather than shorten. [4] For countries such as these, and for emigration countries generally, it pays to target measures on regions, sectors or population groups who leave in droves rather than to design indistinct measures for the country as

[1] See Faini and Venturini 1993.

[2] Böhning and Schloeter 1994.

[3] See Böhning 1994.

[4] For evidence concerning Filipinos and Turks, see "ODA as a means to reduce economic and social emigration pressure", *ILO Discussion Paper*, in ILO and UNHCR, 1992, p. 52.

a whole. Targeted measures can be assumed to have an impact *directly* and much more *rapidly* than general measures.

Furthermore, there is much evidence in the recent migration literature that emigration plays an important role in household or family strategies to safeguard and stabilize incomes. The risks to economic security of the family are particularly high in agricultural regions where the infrastructure may be weak or inadequate or where no possibilities exist for insuring crops or other sources of livelihood. For this reason one can argue that policies supporting the development of financial infrastructures, such as crop insurance or larger investments in physical infrastructure in rural areas, are just as relevant to reducing emigration pressures as those aimed at promoting growth in general.

The key reason for adopting a target approach is that labour emigrants are a highly selected group. It is common knowledge that emigrants tend to be young, dynamic and rarely from among the poorest of the poor. These are dimensions to be taken into account. More importantly, one has to know exactly from which regions emigration candidates originate or through which characteristics they can be distinguished from non-migrants. For only if one knows their characteristics is it worthwhile aiming policies directly at the target groups to change the conditions that make them leave. If there were few distinctions among the sectors or regions from which people depart, it would still make sense to target emigration-reducing measures on relevant age cohorts of men or women rather than to extend them to, say, school children or old-age pensioners. And it would make no sense to target such measures on disadvantaged groups like the handicapped, which are frequently beneficiaries of active labour market policies but never part of international migration streams.

The problem with the target approach is not whether it works - where it does not work there is probably something wrong with its background analysis or implementation rather than the concept as such. The real problem of the target approach is the costs of foregone alternative opportunities and equity considerations.

Therefore, while one must not overlook the central role of the macro-economic determinants, one should not at the same time neglect the relative advantages of targeting measures on emigration candidates. Targeting has the undoubted advantage of promising a much more rapid impact compared with indistinct measures.

The target approach contains a wide array of sectoral policies and individual interventions. Active labour market policies are, however, a potential key element aimed at a direct impact on the propensity to emigrate and the direction of migration flows.

3. Active labour market policies and emigration pressure

Macroeconomic policies must create the conditions for employment and economic growth. Social policies must ensure the equitable distribution of the benefits of growth. Labour market policies address the mechanisms whereby growth is smoothly translated into employment and whereby job-seekers obtain access to it.

Labour market results derive from combining the supply with the demand for labour through an appropriate institutional mechanism. Labour market policy interventions must therefore address all these three aspects of labour market functioning. Labour market policies do not by themselves generate many jobs. [1] But by improving the matching of the supply and demand for labour, promoting occupational and geographical mobility, preventing inflationary bottlenecks through faster job search and recruitment, and by enhancing the allocation of human resources to more productive uses, labour market policies contribute to the fulfilment of broader efficiency objectives and constitute an essential prerequisite for non-inflationary growth.

In addition to their economic function, active labour market policies also serve social objectives, such as the promotion of equal access to employment and of social inclusion. These aims are potentially of great relevance to labour-sending countries where the desire to leave is due to lack of access to employment opportunities or productive resources.

Before setting out to consider the relevance of active labour market policies to emigration pressures, it is worthwhile recalling that not all labour-sending countries suffer from significant emigration pressure. The Republic of Korea is a case in point. Its number of emigrants is fast dwindling; their queues are getting shorter. Poland is another example and, maybe, Uruguay as well.

The table in the Annex lists 48 major labour-sending countries as defined by certain criteria at the beginning of the 1990s. About half of them are developing countries in the traditional sense of the word and the other half are transition economies. Three quarters can be classified as middle-income countries according to World Bank criteria, one quarter as low-income countries. In effect, the citizens of low-income countries make up only a small portion of today's emigrants compared with citizens of middle-income countries (even if one disregards the relatively large weight of successor States to the Soviet Union in the Appendix table). This reflects internationally the domestic experience that, to put it journalistically, the poorest of the poor are not the main source of contemporary migrants.

3.1. Active labour market policies of relevance to developing countries and transition economies

The concept of "active labour market policies" was developed in the industrialized countries during the last five decades. It draws on experience and thinking in Scandinavian countries, the United States of America and the OECD. The aims of industrialized countries' active labour market policies are, firstly and at the public level, to shift the interventions from merely *adapting to changes* in labour market situations to *promoting structural change*; and, secondly and at the individual level, to encourage an *active participation in the world of work* rather than a *dependency on social welfare*. Overall, the state must take a *proactive* role in promoting efficient and equitable labour market outcomes.

Developing countries or transition economies are not at the level of private and public well-being of the advanced industrial countries. Nor do they have the same spread and depth of institutional development. Their labour market policies are often rudimentary or inexistent; and their labour market institutions perform very limited services and reach few people. There is one exception to this rule, i.e. one function that some emigration countries' public employment services excel in, which is to match other countries' requests for manpower with domestic labour.

[1] It would be wrong to say that labour market policies do not result in any additional employment. If labour markets function more efficiently the capacity of the economy to create more jobs is enhanced. For example, more jobs will be inserted into the economic circuits of developing countries or transition economies where small-scale employers are able to fill workplaces at the skilled manual or lower professional end because they are aware of the existence or location of nationals able and willing to work in those jobs. The lack of a public employment service that could match the employers' demand with the existing supply of labour prevents employers from going ahead with the creation of envisaged workplaces. If a well-functioning employment service existed, employers would tend to realize their ambitions more frequently and more rapidly.

Developing countries and transition economies also have several important characteristics that distinguish them from advanced countries. Their public sector is inordinately important as far as the modern sector is concerned; their labour force is largely outside the formal sector; it is to a large extent still absorbed more or less unproductively in agriculture; rural-urban migration within these countries is massive in size and quite uncontrollable; the unemployment and wider social security systems are at best rudimentary and at worst unaffordable.

The OECD's concept of active labour market policies has, therefore, been developed further by the ILO with a view to making it usefully applicable to developing countries and transition economies.[1]

The ILO's concept of active labour market policies, global as it is in scope, places emphasis on the close involvement of the social partners (employers' and workers' organizations) and takes account of the specific features of non-OECD countries: their low level and *reactive* nature of institutional development; their large informal sector, which has to be penetrated by public policies and institutions that enable it to join the formal sector; the constraints on public revenue and, therefore, on the means to provide income relief to the poor and disadvantaged or to the agricultural sector; and so on.

Within an ILO context, then, the notion of active labour market policies includes a large array of active labour market measures that, today, can be implemented by developing countries or transition economies with considerable promise of short-run and medium-term impact. Adaptations to each country will have to reflect national traditions, practices, revenue capacities and possibilities of mobilizing international assistance.

What is included in this array of measures? Within the limits of the current paper, a detailed description of each measure cannot, of course, be given. Generally, however, three sets can be distinguished: measures that act on (i) the supply of labour, (ii) the demand for labour and (iii) the matching process.

As regards labour market policies that act on the labour supply, measures of immediate applicability to developing countries and transition economies should tie the education and training systems more closely to current and expected developments, i.e. they should be closer to employment planning than advanced countries' individual preference systems. This would have to cover both public and private systems, and retraining and upgrading systems as well. It would also have to include vocational counselling and skill or aptitude testing, which may be performed by both public and private institutions. Where a private sector "trading market" is weak or non-existent, the public sector must take the lead in creating the institutions and the enabling environment for a more efficient provision of training.

Measures of this kind should form part of a long-term human resource strategy for competitiveness and sustainable growth. Experience has shown that they have a crucial role to play also in the developing world to break the vicious circle of poverty, marginalization and lack of growth. In many labour-sending developing countries, much more needs to be done, for example, through the coordination of the multitude of institutions and training facilities that exist and through increasing the quality of the training delivered. Improving the linkages between education, training and the labour market includes assessments and policy choices such as whether the training system shall be designed to cater for the needs of, for instance, nurses in the domestic economy *and* in labour-receiving countries or, alternatively, the improvement of domestic health care to absorb the excess supply of nurses.

[1] See, for example, ILO 1993.

As regards labour market policies that act on the demand for labour, developing countries and transition economies would greatly benefit from public support of micro and small-scale enterprises. This can take many forms. For example, the legislative framework has to be conducive rather than repressive with respect to both the formal and the informal sector. The public employment service has to provide access to introductory and follow-up training for aspiring entrepreneurs. It also has to help micro or small-scale entrepreneurs in the identification of suitable employees and, thus, reduce their search and hiring costs. It can equally act as an information conduit in the transfer of appropriate technology from big to small firms and even from abroad to the local level. [1]

A different set of measures concerns public works projects to provide needed rural and urban infrastructure. Since the late 1970s developing countries or those at an intermediate stage of development have increasingly been complementing their development strategies by direct employment creation measures implemented through infrastructural investments. The numerous programmes carried out throughout the world, often with ILO technical support, focus on labour-intensive public works, relying on technologies appropriate to the resource endowment of these countries. Three types of schemes could be subsumed under this kind of active labour market policy: (i) area-based rural works projects aimed at the needs of local communities, with the active participation of local governments and groups; (ii) specialized infrastructure projects using labour-intensive approaches for large schemes in national programmes (for example, road construction and maintenance or irrigation works); and (iii) urban or municipal works projects responding to the specific needs of poor urban communities (for example, the provision of water supply, drainage, sewerage systems, housing, access roads, health centres, etc.). These schemes have in common that they provide poor population groups with employment and access to basic infrastructure and services. Many of them were deliberately or implicitly targeted on specific regions and migration-prone groups. As a rule, these programmes were implemented with a view to rendering them as labour-intensive as possible without jeopardizing either economic efficiency or social need criteria. [2]

Wage policies constitute yet another set of relevant measures. This would include, as a starting point, appropriate wage-fixing machineries that involve the social partners. Through its leverage on public sector wages, the Government can influence the regional and sectoral allocation of labour - for example, with respect to the wage gap between the rural and urban sector. Wage policies ought, in addition, aim to provide incentives for workers to pick up skills at the crucial intermediate level of skilled manual workers and professional or technical workers. [3]

Income policies in terms of the social security system or transfer payments or other policy interventions of this type to alleviate poverty will be left aside here. [4] Not that they are inapplicable to middle- or low-income countries: they are applicable and, indeed, needed! However, the budgetary constraints and the emphasis given to economic as opposed to social policies in developing countries and transition economies, lead us to neglect them in this paper.

As regards the matching of supply and demand in the labour market, the crucial problem is the lack of institutions and capacities. Public employment services are particularly weak in developing countries, and private services were totally repressed and inexistent in transition

[1] Also necessary but outside the framework of active labour market policies would be measures to decentralize countries' banking systems, to make them more responsive to local needs, as well as the mobilization of local savings outside existing formal banks.

[2] The cost-benefit analyses underlying them are described in Garnier 1982.

[3] Wage and income policies are subject to many constraints and uncertainties. One way to influence rural-urban migration is to damp down urban wages and increase the prices of rural or agricultural products. The latter is clearly not within the purview of active labour market policies. It would form part of broader, sectorally targeted economic policies.

[4] It has recently been demonstrated that geographically targeted public transfer payments in Mexico and Jamaica, for example, constitute useful mechanisms for transferring income to the poor. See Baker and Grosh 1994.

economies until very recently. Both have to be promoted simultaneously, and neither should have a monopoly. [1]

One indispensable component of an efficient matching process is the constant availability of information on vacancies, job-seekers, wages and working conditions, hiring requirements by certain types of employers, etc. The more public and private labour market intermediaries as well as employers and workers can base their decisions on up-to-date and reliable information, the more efficiently will the labour market, the larger will be the number of jobs that are durably inserted into the economic circuits of a country and the less will potential migrants be at the mercy of illicit trafficking.

In a developing country, the State has to take a proactive role - beyond developing public and/or private employment services - to enable institutions to emerge which create the conditions for a functioning labour market. Such action, which would be considered at the margin or outside the realm of strictly defined labour market policies in an industrialized country, might include: capacity building related to trade unions and employers' organizations to enable them to participate fully as actors on the labour market; the development of physical and social infrastructure to provide individuals with access to schooling and health services and producers with access to markets with their products, access to land and credit for small producers in order to create conditions for labour demand; the development of counselling services for individuals aspiring for self-employment or wishing to create micro-enterprises, for instance by regrouping dispersed services according to the principle of a "unique counter" (guichet unique) designed to achieve greater coordination and save scarce public funds. All of these measures may have the potential of tapping unsatisfied demand, enhancing the labour supply and improving access to available job opportunities.

3.2. Which active labour market policies could be targeted on the lowering of the propensity to emigrate?

As stated above, besides pursuing sound macro-economic policies, labour-sending countries that are afflicted by high emigration pressure should, generally speaking, do two things to provide more incentives for their citizens to stay at home. They should (i) set out to implement the whole array of active labour market policies that have been indicated in the preceding section; and (ii) target selected instruments specifically on regions, sectors or population groups that are characterized by a high propensity to leave for employment abroad. The rest of this section will focus on the latter kind of measures.

Of course, the selection and specification of these measures will have to reflect not only a particular country's circumstances but also the characteristics of its potential emigrants. They are bound to be young throughout the world. Whether they are predominantly men or women depends on the links with and employment opportunities in the countries they want to go to. For example, Sri Lankan migrants at present include more women from poor households than men. By contrast, the miners leaving Lesotho for South Africa are all men. Similarly, it matters whether emigrants are of rural origin and move abroad directly, whether they use cities as stepping stones or come from their poor suburbs. Many Mexicans, for example, have traditionally moved - often unlawfully - from villages in the North of the country to the south-western United States. Many Filipinos or Thais, by contrast, have first moved to their capitals in search of work and, if unsuccessful, have gone from there to the Middle East or East Asian countries. Young Tunisians, to give another example, have accompanied their parents to poor suburbs and, after a few years, have left them for foreign shores while their parents stayed on in disillusionment. Other typical characteristics of

[1] See ILO 1994. For an up-to-date introduction to the functions of contemporary employment services, see Ricca 1994.

emigrants may be associated with their *de facto* or *de jure* status as members of an ethnic or social minority. Minorities tend to participate to a much larger extent in international labour movements than the mainstream population.

Therefore, if one wants to target active labour market instruments on the reduction of the need to emigrate, one has to determine the migrant populations' distinguishing characteristics with precision. What this contribution can do is to draw attention to such instruments as would lend themselves to promising application in many cases and a variety of labour-sending countries.

In the context of the matching process undertaken by public employment services, where emigration countries publicly assist nationals in the location of work opportunities abroad, they could in the first instance establish a labour market test that mirrors the vacancy test carried out by the public authorities of immigration countries. One could, for example, decide to process candidates for emigration only where no suitable employment opportunities would be available within the country. Or one could set up a system of positive and negative points that would rank candidates for emigration on waiting lists. Negative points could be given in respect of factors whose temporary or permanent loss to the country would be harmful - education and professional qualifications would presumably be accorded much weight.

The unreasonable refusal by emigration candidates to accept employment within the country under conditions appropriate to their skills could entail exclusion from any scheme of publicly assisted migration abroad. Non-assistance does not mean legal prohibition to emigrate. Workers would remain free to seek employment outside the framework of publicly organized schemes. But it would, while incurring some irregular emigration, reduce the damaging large-scale outflow of scarce workers and, thereby, enable the country's economy and labour market to function more efficiently.

In the same context, a more far-reaching measure could be taken by many emigration countries without having to mobilize additional resources, simply by reallocating existing funds. This would be to change the outward orientation of their public employment service (away from supplying national workers to foreign recruiters or employers) towards an inward orientation (i.e. to supplying domestic employers with needed workers). The establishment and fairly efficient running of public bodies whose task it is to "export" more and better labour to foreign countries can undoubtedly be seen as a useful means of reducing local unemployment and gaining hard currency. It can, however, be counterproductive if domestically scarce manpower becomes supplied to employers abroad. And it is a policy measure that, both in the short term and in the long run, has effects opposite to the aim of reducing emigration pressure: (i) it spends revenue on broadening the awareness and possibilities of finding jobs outside the country; (ii) it leads to the setting up of formal and informal networks that, in turn, maintain migration flows; and (iii) it induces an emigration mentality in people's minds.

The ILO is not all against public or private services designed to provide foreign employment opportunities. The ILO has actually helped to establish several such services in Asia and the former Soviet Union. They represent perhaps a necessary and certainly a useful tool of instant poverty alleviation for the individual migrants and their households. But if an emigration country decided to change its policy perspective and give priority to domestic development, then it could dismantle the bodies whose purpose it is to process nationals for employment abroad and, instead, design its public employment services so as to satisfy employers on its own soil who are short of labour.

Other measures that target emigration pressure directly might comprise training measures for young men or women, on the one hand, combined with institutional and other support in favour of nationals who want to establish micro or small-scale enterprises, on the other. Put differently, the public employment service could concentrate a portion of both its enterprise-support and its young-workers training programmes on regions and across age brackets characterized by high emigration pressure.

When one looks at the question of providing vocational training and developing the acquisition of various skills - through a comprehensive and well-designed long-term education and training policy - one must be aware that this could, in the shorter run, provide rural dwellers with the qualifications to move to urban areas or abroad. On the other hand, the absence of a well articulated policy has worse consequences. It will flood the informal sector with unskilled people who will eventually be tempted to emigrate, if necessary illegally. The recent so-called "Community-based activities" that, within identified local labour markets, seek to link training with production, have attempted to find an appropriate response to this kind of dilemma.[1] At their best, such initiatives use tripartite local groups to link local economic and business development with a range of active labour market programmes, such as training and retraining or self-employment initiatives. The keys to success in such initiatives seem to be: a realistic assessment of the comparative advantages of the local economy; broad-based community involvement, including active trade union and local business participation; the development of a realistic long-term strategy for new employment creation; and the ability to attract capital to the locality, either in the form of new employers or of credit and grants to existing industries. For economies in transition, where many smaller cities had only one large state enterprise employer and where obsolete heavy industries were concentrated in specific regions, community development schemes appear to offer some hope of addressing localized pockets of high emigration pressure resulting from state enterprise closures.

Active labour market policies would appear to promise greatest impact if several individual instruments were bundled and simultaneously focused geographically and on youngsters. For example, public works programmes could be given priority in regions of high emigration; and the beneficiary men or women workers could be selected by reference to their propensity to leave for other countries.

As in the case of public policies in general and targeted measures in particular, the cost of alternative opportunities - as well as equity considerations - should form part and parcel of the decision to adopt and implement them. These issues need not detain us here.

4. ILO activities aimed at the reduction of the need to leave one's country

The Organization's constitutional principles include the furtherance "among the nations of the world of programmes which will achieve:

(a) full employment and the raising of standards of living;

(b) the employment of workers in occupations in which they can have the satisfaction of giving the fullest measure of their skill and attainments and make the greatest contribution to the common well-being;

[1] An important ILO initiative in the area of community development was the recent ILO/OECD/EC workshop on the design and implementation of local labour market development strategies that was held in Aarhus, Denmark, in July 1993, with the participation of 21 countries from Africa, Latin America, and Eastern and Western Europe.

(c) the provision, as a means to the attainment of this end and under adequate guarantees for all concerned, of facilities for training and the transfer of labour, including migration for employment and settlement ..."

The ILO was, in fact, the first member of the United Nations system to conceive and implement technical cooperation programmes for the benefit of the developing world. Today, the Organization engages in a multitude and many-faceted technical cooperation activities. These cover, for instance, training, labour administration and public employment services, advice on macro and employment policies, active labour market policies and small enterprise promotion - to name but the most important by their global designation. The activities that once were developed in favour of developing countries are today also put into practice, with suitable adaptation or new concepts, in transition economies. The combined impact of these ILO programmes will have beneficial effects on countries' well-being and growth opportunities. They will, therefore, go a little way to reducing the need of their citizens to expatriate themselves temporarily or permanently for economic reasons.

In addition, the ILO has carried out or is in the process of undertaking activities that are directly aimed at the reduction of emigration pressure.

4.1. The Maghreb Programme

Following the growing clamour in Western Europe at the end of the 1980s and beginning of the 1990s to stop unwanted immigration into that part of the world through measures in aid of labour-sending countries, and being struck by the glaring gap between politicians' declarations and concrete measures to implement them, the ILO selected the three major emigration countries of the Maghreb - Algeria, Morocco, Tunisia - with a view to trying out a practical approach to having emigration and immigration countries consider jointly what could be done. This initiative became known as the Maghreb Programme.

To start with, the ILO called together development and employment experts from these Maghreb countries, on the one hand, and technical cooperation specialists from Belgium, France, Germany, Italy and Spain (plus a few international experts), on the other hand, to have them elucidate the causes of the migration pressure and to identify measures that could be brought to bear upon its reduction, nationally or with the help of international support. It was, somewhat surprisingly, the very first time that the former migration partners looked at this subject matter together; they found it very useful and confidence inspiring.[1] The next step was the convocation of national workshops. The first took place in Morocco in September 1993 and the second in Tunisia in October of the same year.[2] To these workshops, competent authorities of the emigration country concerned submitted a range of more or less detailed programmes and activities in relation to the pressure points that had been identified on the occasion of the first, regional meeting. European and international development, employment and cooperation experts were called upon to examine the emigration countries' proposals - to examine their relevance to employment creation and the reduction of emigration pressure expected to follow thence, and to examine whether these proposals might lend themselves to technical or financial support by European counties, the European Union and the international community at large.[3]

[1] OIT 1993.

[2] A planned workshop in favour of Algeria had to be postponed due to the events taking place in that country.

[3] Maroc et BIT 1973; Tunisie et BIT 1993.

After the national workshops and in the light of their discussions, Moroccan and Tunisian experts set out to revise or refine the proposals. The ILO rendered technical assistance to that end. The improved proposals were submitted to a donors conference in Geneva in February 1994.

Due to a number of complicating circumstances, the results of that conference fell somewhat short of expectations in the eyes of the Maghreb countries. At the national level of European aid institutions, there was no leeway for additional funds to be made available for the Maghreb Programme at this stage.[1] Only about US$1,5 million of Italian funds already allocated could be reprogrammed by the ILO in favour of Morocco and Tunisia.

However, the process continues: joint missions by the ILO and Italian experts were carried out in the autumn of 1994 to Tunisia and Morocco to specify the activities foreseen. In Tunisia, aspiring entrepreneurs in one of the regions of high emigration will be given training and institutional support by drawing them together in single locations that can be equipped suitably; and in the same region young men and, especially, young women will be imparted a variety of education and training with the help of the *Union de Femmes Tunisiennes*, partly to make it possible for them to fill workplaces in the micro and small enterprises that should spring up there. In Morocco, micro and small enterprise development will be similarly fostered in one or two parts of the country.

4.2. Activities in Asia

In 1985 the ILO, in collaboration with the Ministry of Labour of Japan, initiated the design of projects in Asia that were aimed, inter alia, at reducing the emigration pressures from a few countries of the Asian region. Two south-east Asian countries, the Philippines and Thailand, were selected for initiating a long-term assistance programme which was envisaged later to extend to other countries in the region. The Philippines and Thailand were the two largest suppliers of contract labour to the Middle East from south-east Asia. They were also the countries of origin of the large legal as well as clandestine flows of migrant labour to Japan, Taiwan (China), Malaysia, Republic of Korea, Singapore and Brunei.

The projects, which were foreseen to be implemented over a period of five years, were developed separately. They focused on the creation of employment and income-generating opportunities, both in rural and urban areas, for the poor, the unemployed and the underemployed. In the project in Thailand, emphasis was given to migrant-producing regions of the country such as the Northeast. The ILO provided technical assistance for the development of capacities in rural communities for planning and executing rural infrastructure and income-generating production ventures. One good example of the latter is the promotion of sericulture. Projects such as this could productively engage young people in their villages throughout the year, thereby reducing the pressure to migrate seasonally to the cities. Under the project's auspices assistance was also given to the Government of Thailand in assessing the employment impact of rural public works programmes with a view to making recommendations for improvements. This included efforts to strengthen the capacity of the Department of Labour to establish labour market information systems, to engage in planning, and self-employment promotion.

The Philippines has become the largest source of migrant labour in the region. Migration has already developed its own dynamics because of the presence of large Filipino communities abroad. The migrants originate from all parts of the country and from a large variety of occupations. Long-term macro-economic approaches therefore had to be combined with micro-level interventions to address the problem of reducing emigration pressures. Institutional development was considered

[1] BIT 1994.

a high priority, particularly activities aimed at strengthening the capability of the Department of Labor and Employment to engage in planning at both the macro and the micro levels.

At the same time, because of the level of development of NGOs in the Philippines, the ILO-Japan project in that country followed a strategy of mobilizing the support of these organizations in planning and implementing various income generating activities. In a close working arrangement with the umbrella-organization of development NGOs in the Philippines, the project developed a rolling-funds scheme to help finance promising small industries. These included a number of small-size machine parts manufacturers in urban areas, livestock raising, vegetable and fruits processing and canning plants in rural areas. Some experiments were also conducted in adapting Japanese technology to solving production problems in such areas as fishing.

The full impact of these projects on reducing emigration pressures will take time to assess but the experience gained by the national authorities in planning and stimulating rural development activities has been invaluable. The lessons gained from these projects are being brought to bear on the design of similar projects now being started in Bangladesh and Pakistan, with funds again provided by the Japanese Government.

A new, different set of ILO activities - supported by UNDP's TSS1 (Technical Support Services) facility - aim to carry out an assessment of emigration pressures in several Asian countries. This project, which is just getting under way, would determine how development policies and the structural changes they bring about may be contributing to, or alleviating, emigration pressures. This refers to changes that may be assumed to add to emigration pressures by dislocating people in agriculture, raising differentials between real wages in the organized and unorganized sectors, shifting the terms of trade in favour of urban areas or creating instabilities in family incomes. The ILO is planning to undertake studies in Indonesia, China and Viet Nam; and the results are to be discussed at a small workshop bringing together researchers and economic planners in 1995.

5. Conclusions

It would appear important to underline that:

(a) while the context for active labour market policies is different in the industrialized and developing world, a large number of active labour market instruments are applicable, with appropriate adaptation or extension, to developing countries or transition economies;

(b) certain of these instruments should be targeted directly - singly or preferably in combination - on the reduction of countries' emigration pressure and such a policy can be supported by an appropriate targeting of national and international financial assistance;

(c) before one sets out to select active labour market instruments for targeting purposes, one has to identify with precision which groups of nationals, or which regions, are afflicted by a high propensity to expatriation so as not to waste scarce resources; and

(d) active labour market policies need to go hand in hand with sound macro-economic policies to realize their potential, just as macro-economic policies need to be supplemented by active labour market policies if they are to bear fruitfully.

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The Appendix table explained

The table provides benchmark estimates for 1990 (or the closest year to it, i.e. 1989 or 1991) in respect of both the international migration and the remittance data shown.

The table focuses on countries that have a population of not less than 200,000 persons on their soil and, among them, selects those that fulfil certain quantitative criteria relating to either international migration or remittances or both. The threshold of 200,000 persons was chosen so as not to overburden the table with numerous small countries whose populations, individually speaking, are comparatively small and which, in toto, do not have a great weight. One should, however, be aware that countries with small populations tend to be disproportionately involved in international economic migration as sending/emigration countries. For example, many island states in the Pacific or the Caribbean would form part of the table if a minimum population of 200,000 was not a criterion of exclusion. Tonga and Dominica are cases in point.

A level of importance was judged to be useful to distinguish ***major*** from ***minor*** migration countries. This level was fixed in relation to the size of the human stock of emigrants (population data) as well as in relation to the economic implications of those who are economically active abroad (remittance data).

Population data (stock data)

Countries are defined as ***major*** sending/emigration countries:
either if 2 per cent or more of their nationals are abroad and they amount to at least 200,000 persons;
or if 1 per cent or more of their economically active citizens are abroad and they come to at least 100,000 such persons, assuming for purposes of simplification that about 50 per cent of a population is, on average, economically active.

As some countries' statistics relate to persons who *originate* from them irrespective of which *nationality* they hold at present, the level of significance for these countries was made comparable to the preceding one by:
doubling it to at least 4 per cent of their current populations being abroad and they come to at least 400,000 persons whose ethnic origin can be attributed to these countries;
or to at least 2 per cent of their labour forces being abroad and in any case at least 200,000 such persons, using the simplifying assumption that, on average, about 50 per cent of the nationals who left for foreign countries have become naturalized there in the meantime.

No distinction was made as to whether economically active migrants are in seasonal employment, admitted under other temporary auspices or without limit of time.

Migrants who are undocumented or in an irregular situation as regards their stay or economic activity are included in the figures wherever a relatively uncontested or conservative estimate was available.

Given the concern with international economic migration, refugees are excluded from the table's figures on non-nationals. Also disregarded are estimates of "diasporas," i.e. ethnic communities abroad, because they originate, in very many cases, from political flight rather than strictly economic motivations, and they may date back centuries rather than being of recent origin.

Remittance data (flow data)

The economic dimension is an *independent* determinant of whether or not to select countries or territories for the table, i.e. irrespective of whether the population criteria include or exclude it. This economic dimension is made operational through remittance data that derive from the economic activities of nationals who are abroad or of persons originating from the labour-sending country in question but who may in part (50 per cent) have assumed the nationality of the country to which they moved.

Countries are designated as ***major*** sending/emigration countries if the inflow of remittances from their nationals abroad who are economically active exceeds 1 per cent of their GNP or 2 per cent in the case of countries whose population statistics are collected on the basis of ethnic origin rather than nationality.

In both remittance columns, the first row relating to a particular country always gives the volume of remittance receipts (inflow) occasioned by nationals who are abroad, and the second row the volume of remittances leaving the country (outflow, indicated by a -sign) occasioned by foreigners on its soil.

A distinction is made, according to the IMF/World Bank statistics drawn upon,
between "long stayers' remittances", which are received from nationals who are economically active abroad for a period of more than 1 year;
and "short stayers' remittances", which are receipts from economically active nationals abroad who were there for a period of less than one year, usually seasonal or transient migrants.

Where remittance are available for only one of the two categories, a country will be included in the table if *either* of the remittance indicators comes up to the required level. If both are available and the two added together exceed 1 or 2 per cent of GNP, depending on the policy regime, the country is likewise selected. Where the International Monetary Fund statistics included not only workers' remittances but other transfer payments of unknown size, countries have been left out of the table for lack of precision.

The prefix **M** (= middle-income country) or **L** (= low-income country) derives from the World Bank's classification of these countries in 1990.

A total of 48 countries were identified by the various criteria as ***major*** sending/emigration countries. The selection criteria would also designate as major labour-sending countries five member States of the European Union (Greece, Ireland, Italy, Portugal and Spain) and Cyprus and Malta. As these are neither developing nor transition economies, they have been excluded from the table. The large number of sending/emigration countries underlines the growing importance of international labour migration and is certainly an underestimate because, for example, China and India are not included in the table. Although they have thousands or even millions of citizens abroad, their total number falls short of the percentage thresholds. Given the fact that good recent estimates are lacking for most African and Latin American countries, there are likely to be more than 48 middle- or low-income countries that would qualify as labour-sending countries.

Source: P. Stalker: *The work of strangers: A survey of international labour migration* (Geneva, ILO, 1994), pp. 271-282.

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