



International Migration and Development in East Asia and the Pacific

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There are nearly 22 million international migrants from the East Asia and Pacific (EAP) region. The economic implications of this migration are enormous. In 2013 migrants from the EAP remitted approximately US \$112 billion back to their home countries, far more than the sum of official development assistance to the region. In “International Migration and Development in East Asia and the Pacific” the authors look at the impact of migration on remittance-receiving households and the economies of labour-sending countries. Despite evidence of the economic benefits of migration in the short term, the authors identify policy weaknesses and market failures that may be hampering long-term development. While the authors acknowledge that remittances alone are not a “magic bullet” for development, they argue that with the right policy reforms, remittances could have a far greater impact on development in the medium and long term than

has been evidenced so far. The authors also discuss the benefits that migration brings to labour-receiving countries at the macroeconomic level and to the firms that employ migrants. They suggest policy reforms that will offset any negative impacts of migration on the local workforce in labour-receiving countries, and advocate for fair wages and safe working conditions, believing that an overall deterioration in working conditions will affect the population as a whole.

The authors present their views in a simple and well-constructed manner, starting with an overview and an introductory chapter that succinctly details migration patterns in the region. The introductory chapter is comprehensive and could serve as an excellent starting point for those who have little background on migration in the EAP. It provides demographic information about migrants and historical trends, pointing out that income differentials between Southeast Asian countries and an ageing labour force in North Asia have spurred increased levels of intraregional migration. The authors attempt to present a balanced view on the nexus between migration and development by considering the economic benefits of migration and remittances, as well as its consequences. They explain that on the macroeconomic level remittances help to finance trade deficits and raise finance reserves in remittance-receiving countries. They then discuss

common critiques of a remittance-driven model for economic growth including the vulnerability it places on remittance-receiving economies to external shocks, appreciation of the domestic exchange rate, and the weakening of local institutions. The authors acknowledge that these are concrete outcomes but attribute them completely to an overreliance on remittances. They argue that this has kept governments from pursuing policy reforms that improve the performance of the domestic economy and reduce the need for overseas employment. This explanation may be an oversimplification of the issues. Without any supporting evidence for this theory or explanation as to what constitutes overreliance, it is difficult to accept this conclusion wholeheartedly. Critical readers may still be left with doubts as to whether remittances can contribute to sustainable development if properly managed or if systemic issues in such a model prevent long-term growth.

In chapter 2 the authors analyse the impacts of migration and remittances at the household level in labour-sending countries. The authors summarize the empirical results of commissioned work in Indonesia, the Philippines, and Viet Nam, concluding that in the short term remittances generally contribute to rising income and consumption and to poverty alleviation. But, they move the discussion beyond this and consider the conditions that must be present if it is to have a continuing impact on welfare beyond the emigration period (i.e., after the worker has returned to his or her country of origin). The authors attempt to answer this by looking at spending patterns of migrants, assuming that a higher propensity to spend at the margin on productive assets or human capital,

such as education and health, can contribute to economic development in the medium to long term. The authors analyse the spending habits of individuals and families who have received remittances within each major labour-sending country. In doing so, they highlight unique characteristics of each demographic and make important observations based on the empirical evidence that will later guide their policy suggestions. Nevertheless, a number of trends cannot be explained by existing data. For example, researchers have been unable to explain why an increase in remittances has not lead to an increase in household spending on education in Vietnam and on student enrolment in Indonesia. The authors are only able to entertain different social and economic theories that may explain this outcome, while acknowledging that this topic requires further research. There is a bit of mismatch between the factors that the authors identify early in the book as contributors to long term development (e.g. investment in human capital) and the policy suggestions that appear in chapter 4. Although the authors make important suggestions for policy reforms such as reducing transaction costs for remittance-sending migrants, the policy discussion never returns to education.

In chapter 3 the authors analyse the impacts of migration on four labour-receiving countries: the Republic of Korea, Malaysia, Singapore, and Thailand. It looks at the impact of international migration on four aspects of the labour-receiving economy: (1) gross domestic product (GDP); (2) firm profitability and competitiveness; (3) labour markets, specifically the wages and employment of host-country workers; and finally, (4) technological development. The

authors begin by presenting the economic theory behind the relationship between migration, GDP, wages, and employment in the short term, and medium and long term. The authors approach each of these topics by explaining the prevailing economic theory that supports a certain conclusion. They then compare this with empirical evidence from the past 20-30 years in the form of a literature review before resting on a nuanced conclusion. Among its findings, the book reports that like in the case of many other forms of cross-border transactions, the macroeconomic benefits of migration are positive albeit small. Firms enjoy higher profits due to the lower wages paid to unskilled migrant workers. The inflow of migrant workers also raises the wages of skilled native workers because their participation in the market force has a complementary effect. In some countries, this allows native workers to upgrade their skills and education, leading to overall increases in labour productivity. The decline in wages of unskilled local workers who must compete with migrants is statistically insignificant. Evidence was found to be mixed for the “technology stalling hypothesis”, the proposition that an inflow of migrant workers leads to the adoption of lower-productivity technology.

In chapter 4 the authors explain the problems that labour-sending countries face in managing migration, which may be hampering economic growth and proposes policy changes for improved management in three key areas: (1) recruitment, (2) protection of workers welfare, and (3) the management of remittances. The authors make these suggestions from a starting presumption that well managed migration is contingent on the matching of “workers from

one country with the labour needs of another, in ways that encourage formal rather than informal migration, protect workers’ rights, and ensure that migrant workers’ contributions are maximized in both receiving and sending countries.” They argue that these goals are impeded by deep market failures, namely information asymmetries, unemployment and low wages, porous borders, and poor enforcement. Here, the authors’ conclusions are well placed within the general discussion on migrant workers’ rights. They echo concerns from human rights groups about government policies that harm rather than protect workers, such as blanket restrictions on travel to countries where abuses have been documented. They also provide a multitude of ideas on how best to manage irregular migration, recognizing the increased vulnerability that irregular migrants have to exploitation. The authors discuss how best to control irregular migration while attempting to evaluate policy outcomes in ways that do not indirectly punish irregular migrants. Their suggestions include increasing the licensing requirements imposed on recruitment agencies and punishing the employers of irregular migrants.

In the final chapter, the authors challenge policy decisions governing migration in labour-receiving countries. They advocate for policies that are based on a better understanding of labour market requirements and the contributions of migrant workers. A key recommendation is for government to shift some of the responsibility for policy enforcement and management of migrant demand to employing firms and recruitment agencies. It suggests that labour-receiving countries develop policies

that will reduce incentives for excessive and exploitative use of migrants and employment of undocumented migrants. It also appeals to the local populations, suggesting that policies be developed to ensure that domestic workers are not displaced by cheaper foreign ones, such as by providing training to upgrade the skills of local workers. The authors discuss the value of multilateral agreements and present the 2007 ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers as exemplar, but the chapter is missing a discussion on the region's progress in meeting its obligations. With the ASEAN Economic Community formally being established by end of 2015, it will be interesting to look for changes in migration within the EAP. Its policies on the free movement of labour only apply to skilled workers and contain further restrictions on the type of industry they must be involved in, and on the employer's efforts to replace the foreign worker with a domestic worker. As it is primarily unskilled workers that migrate within the ASEAN, it is doubtful that these policy changes will spark any dramatic shifts in migration trends. It may actually prove to be problematic by deepening the stratification of migrant workers.

It is necessary to consider that this book was published by the World Bank, and thus strongly reflects its economic perspectives on development. Strong criticisms have been launched against the World Bank for its strict adherence to neoliberal principles and one-size fits all approach to development. Yet this book represents more progressive position held by the World Bank, perhaps developed in light of its past criticisms. Readers will recognize that the

policy recommendations outlined in chapters 4 and 5 reflect the Bank's traditional pro-market position. On the other hand, the book seems to move away from a one-size fits all approach. There are broad and generalized suggestions for policy reform but the authors clearly make efforts to analyse each country within its own unique context, recognizing that models that have worked in some EAP countries have failed in others. They also place a heavy emphasis on the protection of workers' rights including those who are undocumented. When suggesting a reform that is pro-market, the authors often explain how market failures may affect worker welfare and contingencies that should be taken to compensate for any losses (e.g. increased regulation, training, support programs, etc.). For instance, the authors suggest that the governments of labour-receiving countries providing training to upgrade unskilled domestic workers' skills so that they do not experience a decrease in wages as a result of migration. Other times, the authors concede that the social consequences of some policy decisions are beyond the scope of the report but require consideration. In chapter 1 there is a discussion on trafficking of migrant workers as a distinct issue and it is not integrated into the policy suggestions articulated in the later chapters. The same is true of the social impact of an absent parent(s) on families in labour-sending countries. That these considerations are not incorporated into the authors' policy evaluations is an important shortcoming that should be taken into account when assessing their value. There is a danger in trying to deliver something concrete, that issues will be oversimplified and policy suggestions will fail to account for important consequences of migration, which could undermine goals for

economic growth. Nevertheless, the authors' abilities to acutely summarize the empirical evidence and identify areas for further research, make "International Migration and Development in East Asia and the Pacific" an excellent starting point for research and debate on the policy options available to governments in the East Asia and Pacific.

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