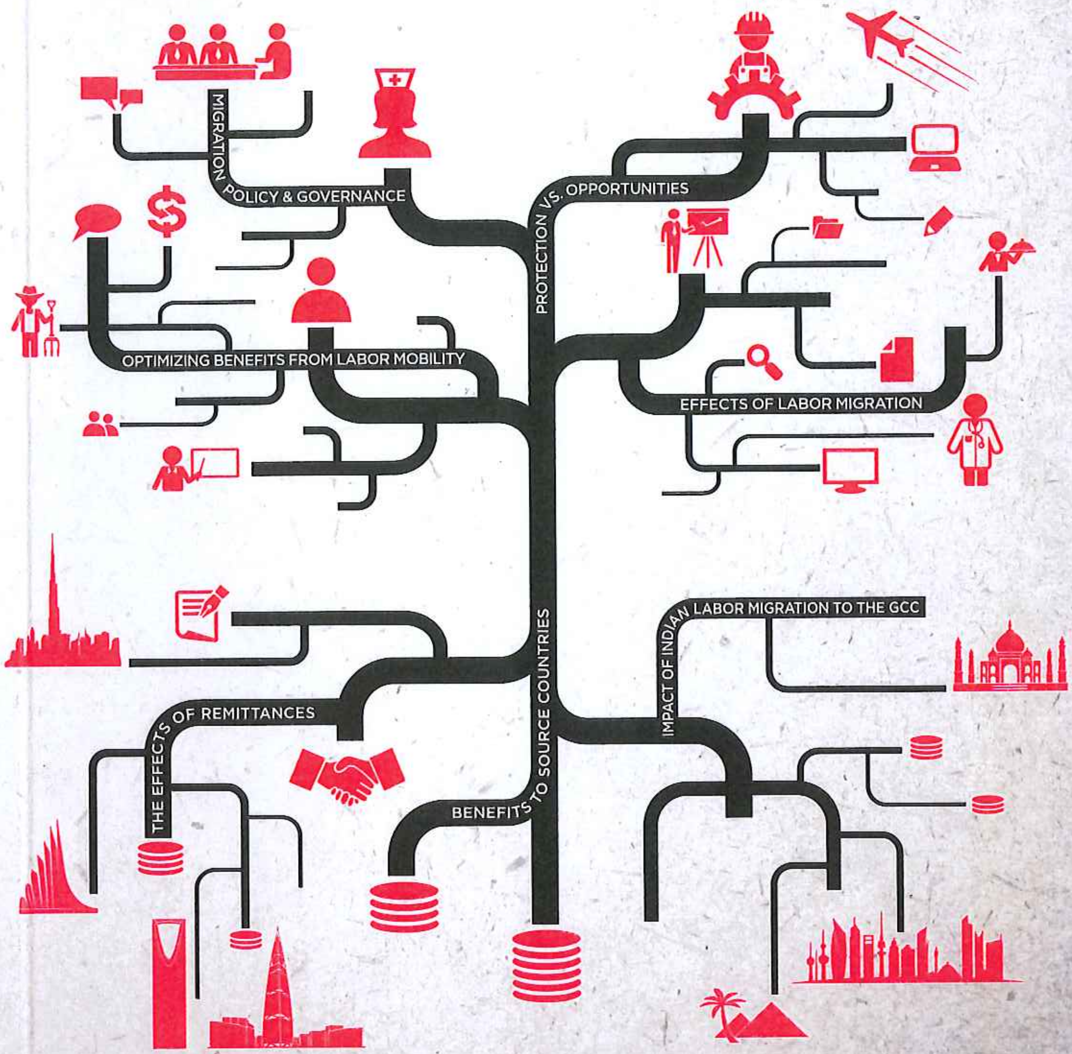
LABOR MOBILITY

An Enabler for Sustainable Development



The Emirates Center for Strategic Studies and Research

LABOR MOBILITY

An Enabler for Sustainable Development

Labor mobility is particularly significant in the case of the GCC; the region is host to around 15 million expatriate workers who generate US $80 billion in annual remittances each year and support an estimated 150 million dependents in their various home countries. However, little research has been conducted to identify and measure the impacts of this phenomenon on migrants' host countries or countries of origin. Therefore, with a view to contributing to the active engagement of GCC countries in the global dialogue on migration and development, the Emirates Center for Strategic Studies and Research (ECSSR) hosted a special conference, "Labor Mobility: Enabler for Sustainable Development," in Abu Dhabi on May 14–15, 2013.

The conference was held under the patronage of H.H. Sheikh Mansour Bin Zayed Al Nahyan, UAE Deputy Prime Minister and Minister of Presidential Affairs, and was jointly organized by the Ministry of Foreign Affairs, the Ministry of Labor, the ECSSR and the National Qualification Authority. It was convened in association with the GCC Council of Ministers of Labor, the Government of Sweden – current Chair of the Global Forum on Migration and Development (GFMD) – the International Organization for Migration and the World Bank.

The papers presented at the conference, compiled in this volume, provide a variety of informed views on labor mobility as an enabler for human, economic and social development. They explore migration policy and governance in the GCC states; the potential for research collaboration between migrant-sending and -receiving countries; the impact of Indian labor migration to the GCC states; the relationship between remittances and economic cycles in home and host countries; and the implications of labor mobility for families and households.

ISBN 978-9948-14-736-7

9 789948 147367

The Emirates Center for Strategic Studies and Research

The Emirates Center for Strategic Studies and Research (ECSSR) is an independent research institution dedicated to the promotion of professional studies and educational excellence in the UAE, the Gulf and the Arab world. Since its establishment in Abu Dhabi in 1994, the ECSSR has served as a focal point for scholarship on political, economic and social matters. Indeed, the ECSSR is at the forefront of analysis and commentary on Arab affairs.

The Center seeks to provide a forum for the scholarly exchange of ideas by hosting conferences and symposia, organizing workshops, sponsoring a lecture series and publishing original and translated books and research papers. The ECSSR also has an active fellowship and grant program for the writing of scholarly books and for the translation into Arabic of work relevant to the Center's mission. Moreover, the ECSSR has a large library including rare and specialized holdings, and a state-of-the-art technology center, which has developed an award-winning website that is a unique and comprehensive source of information on the Gulf.

Through these and other activities, the ECSSR aspires to engage in mutually beneficial professional endeavors with comparable institutions worldwide, and to contribute to the general educational and academic development of the UAE.

2

The Economic Development Benefits of Human Mobility to Source Countries

*Yaw Nyarko**

Human beings have been mobile, moving and settling from one location to another since the very beginning of recorded human history. Probably the first significant successful movement of humans was that from Africa, through the Great Rift Valley, some 100,000 years or so ago. This was the movement that sent modern mankind, from its birthplace in Africa, to most of the rest of the world. Throughout history, movements of people have been caused by both 'pull' and 'push' factors. Pull factors are those which enticed humans seeking better living conditions elsewhere, or perhaps just curiosity or chance and happenstance. Push factors are the local home conditions—competition for food, conflict, disease, etc.

From the late 1800s through the early 1900s pearl diving and dates were the mainstays of the economies of many of what are today's Gulf countries—the UAE, Bahrain, Oman and the other Gulf Cooperation Council (GCC) nations. Even at that time there were large numbers of workers in these countries from other nations, many of them of African descent. Currently, of course, countries like the United Arab Emirates, Qatar and Saudi Arabia have large migrant populations, now largely from Asian nations like India, Pakistan and Bangladesh.

---

* This paper draws heavily on my past work, particularly with William Easterly and Kwabena Gyimah-Brempong. It also draws upon research being conducted in partnership with UAE Exchange in Adu Dhabi. While I am very grateful to them, none of the research partners or collaborators is responsible for any errors or views mentioned here.

2

The Economic Development Benefits of Human Mobility to Source Countries

*Yaw Nyarko**

Human beings have been mobile, moving and settling from one location to another since the very beginning of recorded human history. Probably the first significant successful movement of humans was that from Africa, through the Great Rift Valley, some 100,000 years or so ago. This was the movement that sent modern mankind, from its birthplace in Africa, to most of the rest of the world. Throughout history, movements of people have been caused by both 'pull' and 'push' factors. Pull factors are those which enticed humans seeking better living conditions elsewhere, or perhaps just curiosity or chance and happenstance. Push factors are the local home conditions—competition for food, conflict, disease, etc.

From the late 1800s through the early 1900s pearl diving and dates were the mainstays of the economies of many of what are today's Gulf countries—the UAE, Bahrain, Oman and the other Gulf Cooperation Council (GCC) nations. Even at that time there were large numbers of workers in these countries from other nations, many of them of African descent. Currently, of course, countries like the United Arab Emirates, Qatar and Saudi Arabia have large migrant populations, now largely from Asian nations like India, Pakistan and Bangladesh.

* This paper draws heavily on my past work, particularly with William Easterly and Kwabena Gyimah-Brempong. It also draws upon research being conducted in partnership with UAE Exchange in Adu Dhabi. While I am very grateful to them, none of the research partners or collaborators is responsible for any errors or views mentioned here.

Today, with national boundaries firm and often controlled, a great deal of migration is due to economic factors; broadly defined by people in source countries migrating to destination countries due to economic and financial incentives. Currently, too much of the debate on human mobility focuses on what are perceived as the negative aspects of mobility—the rights of those workers in the destination countries, and the perceived harmful effects in the source countries of the lost labor or skills, often referred to as the 'brain drain.' Missing in these debates is the appropriate consideration of the very purpose of mobility—the goal to better the conditions of the person moving, and of the family through remittances sent back to their home or source countries. Many of those who leave their home countries gain valuable work experience and often schooling, which are important benefits that add to the economic vitality of their home countries when they return. The pipeline of mobility – people leaving and returning – in turn has other effects on the economy through incentive effects locally when people invest in their own local home education to get the opportunity to travel abroad. Even when they do not in the end "win the lottery" and get the visa or job abroad, they already possess the higher human capital which can be employed in the local economy.

This paper will provide a review of some of the literature on the many advantages to human mobility outlined above, emphasizing the importance of mobility to the source countries. Data will be provided, drawing from current work on Africa and some preliminary insights from the UAE, indicating the magnitude of some of these benefits.

This paper will not delve much into a number of questions, which are nonetheless important: for example, we do not delve into issues around the costs and benefits of migration to the receiving countries. Of course, having the additional manpower is important for countries which receive migrant workers, like those in the Gulf with relatively few indigenous workers and large oil revenues in need of investments. This is of great concern to the ministries of labor charged with policing the relationships

between migrant workers and their employers. The press and non-governmental organizations (NGOs) constantly make pronouncements and accusations. Companies and organizations in turn post declarations to uphold various principles on worker rights and work standards—my own university, New York University in Abu Dhabi among them. This paper will not touch on any of these albeit important issues.

There are those who worry that in-coming migrants alter the local fabric of relationships and affect the culture of the destination counties. There are countries which pride themselves on opening up their country for jobs to non-nationals, while others accuse the newcomers of all types of misdeeds and crimes. Again, we do not discuss any of the issues around these and other cultural questions.

This of course begs the question, for the receiving country, of what the optimal number of migrants that should be allowed in might be. There are forceful arguments often made that economic growth should perhaps be slowed down if the implication is a further increase in the relative numbers and percentages of migrant workers. We do not wade into these debates. Instead, our analyses will focus on sending countries and the generally positive benefits to them.

Benefits to the Individual: Wages

In all of the debates on mobility today, the one thing that is often forgotten or under-emphasized is the person at the very center of the mobility—the migrant himself or herself. People move to better their lives. Many leave home locations where there are either no jobs, very low paying jobs or unfulfilling jobs. Others move for career advancement. In the calculus of the pluses and minuses of mobility, the better lives of the migrant must feature first and foremost.

After the discovery of oil in the Gulf region, there has been substantial temporary migration, primarily from Asia with India, Pakistan, Bangladesh, and the Philippines among the countries contributing the largest numbers. Indeed so great has been the migration that in some countries non-residents collectively account for more than half of the residents. The principal attraction has been the higher income levels obtained in the Gulf relative to their home countries.[1] These incomes are of great importance to those who migrate, a large proportion of whom are unskilled workers. Both Al Awad and Tong provide a description of the wage and labor structure in the UAE through a survey of a sample of 22,416 employed people from 9,654 households.[2] Their estimates put the average wage of workers from India, Pakistan, Bangladesh, and the Philippines, using a sample of 10,954 people, at 25,200 AED (around US $7,000 at today's exchange rate). Our own surveys of data from a large UAE money exchange firm puts the average wage at roughly the same level in US dollar terms.

How do these numbers compare to incomes in their home countries? From World Bank data, the estimates for GDP per capita in purchasing power parity (PPP) terms, which of course measures average incomes, are $3,650, $2,745, $1,777, and $4,119 for India, Pakistan, Bangladesh, and the Philippines respectively.[3] Since unskilled workers coming from their home countries are presumably at the bottom of the income distribution ladder, with many unemployed or underemployed, the GDP per capita figures probably overstate the incomes of migrating temporary workers. Even with these figures, however, we see incomes in the destination countries which are multiples of average incomes back home in the source countries.

In some work on Ghana, Nyarko compared local wages of the most highly educated group (the tertiary educated).[4] To say that wages in destination countries are higher than in the home or source country seems a trivial statement, but it is interesting to see the magnitude of the difference. The average individual income of all Ghanaians in the United States who are full-time, year-round workers is – according to the 2000 Census – $32,262 for men and $26,235 for women. Mean wages in the home country for highly educated recent university graduates were, in the relevant years, less than $600 per year. Even these amounts need to be discounted because of the recent unemployment of university graduates often mentioned in the local media. So the comparison would be US $600

locally with around $30,000 after movement to the United States, a dramatic 50 times higher.

One could argue that we need to scale up the local wages using the PPP factor. For Ghana, the PPP factor implicit in international statistics like the World Bank's world development indicators (WDI) hover at around 1.3 and 2.5 over the years of interest. The ratio of wages abroad to local then drops to about between 38 and 20; however a 20-times increase in wages is still phenomenal.

Although the benefits to individuals who move are obviously high, it is interesting that in many of the policy debates these people are ignored. If a local policy intervention increased wages by 10 or 20 percent we would, in the development community, be calling this a miraculous success. Yet the numbers resulting from mobility represent increases of several multiples, and seem to receive very little praise or recognition in the development or NGO world. Instead, the focus seems to be on those who are left behind who somehow would have been better off if the migrant had not migrated. Why are these migrating individuals ignored? Somehow, when a Bangladeshi or Ghanaian moves outside his or her national borders they do not seem to count in the calculus of mobility, at least in the public debates. When they leave the country are they no longer important in evaluating the welfare of people from Bangladesh or Ghana? If several million Asians in the Gulf have higher incomes because of mobility, why do we ignore this in the calculus? Many of these people tear themselves away from children, spouses and hometowns to make a better living. Who are we to judge them and exclude them in the welfare computations associated with mobility?

Benefits to the Extended Family: Remittances

There is now a large body of literature on worldwide remittance flows. A lot of very good data has been compiled and is regularly released by the World Bank (the Global Knowledge Partnership on Migration and Development [KNOMAD]). Current estimates of recorded remittance flows is of the order of some $400 billion, and a significant fraction of the remittance flows are from workers in the Gulf Cooperation Council (GCC) countries. The United Arab Emirates alone is estimated to account for some 10 percent of the total. UAE Exchange, the largest remittance firm in the UAE, is responsible for some 40 percent of the UAE total, and handles remittances estimated at around $17 billion per year.

This paper will not go into the myriad measurement issues.[5] Suffice it to say the numbers are large and they exceed overseas development assistance (ODA) figures for many countries. For India, World Bank figures put the value of remittances going to India at around $40 billion in 2011, with newspaper reports of a projection of $70 billion for 2013. A large portion of this is from the Gulf countries.

Nyarko reported the following table on the value of remittances as a percentage of GDP, again from World Bank figures:[6]

Table 2.1

Estimates of Remittances/GDP Ratios: Top Five African Countries

Country	Year	Remittances/GDP
Nigeria	2007	10.9 %
Sierra Leone	2007	9.7 %
Togo	2007	9.6 %
Guinea-Bissau	2004	9.4 %
Senegal	2007	9.4 %

What is surprising is that considering the large percentage of income coming from remittances, very little work is being done in recipient countries to encourage and study these flows.

Multiplier Effects of Remittances

As an aside, and to highlight the importance of remittances for economic policy, we point out some potentially interesting implications of the nature of remittances. In many countries, the ability to leave the country is

directly related to education level. People with higher education levels are better able to leave the country. Those who leave tend to send remittances. These remittances reach the poorest members of the country. In particular, this educational policy has two benefits, the first is obviously raising the income levels of those educated; a second benefit is that those who have higher education levels are more likely to obtain a job abroad, helping themselves and – through remittances – very poor family members, often in rural areas. Now suppose a government is interested in reaching these poorest members of society. One could think of two different policy instruments. Policy A is a cash transfer program—all those whose incomes in a given year fall below a threshold poverty level receive cash. Policy B is an education policy where resources are put into education, primarily boosting up primary education and some secondary. Policy A results in immediate benefits to those receiving the cash grant; policy B is a slower policy which first educates people then has them spend on poorer relatives when they get jobs, either locally or abroad. Which of the two would be the most cost effective if the goal is reaching those below the poverty level?

Nyarko and Gyimah-Brempong show that for Ghana using the Ghana Living Standards Survey (GLSS) data sets, it appears as if the education-then-remittance channel is more effective than the direct cash transfer policy for reasonable time discount factors.[7] It is unclear precisely what the conclusions for a larger set of countries, time periods and data sets might be. However, it does suggest that the role of remittances may complicate the understanding of the impact of social programs for the poor.

Remittances of Buildings and Other Investments

Although we have thought of remittances as helping family members back home, a lot of the remittances of course are also used as the savings of the remitter in the form of buildings back in their home country. Anecdotal evidence suggests that many of the incomplete or half-built houses seen in many West African cities, as well as the new middle class housing estates, belong to the many migrants abroad.

Positive Internal Rates of Return on the Cost-Benefit Analysis of Mobility: The Brain Drain may be Good for Countries

There is another issue that receives a lot of attention – particularly in the media and increasingly in academic literature – whenever issues of mobility are raised. That is the question of the so-called 'brain drain.' The basic argument goes something like this: the home government pays for the education of many of its citizens. When they leave the country the "investment" of the government is lost. Those who have migrated have reneged on an implicit promise to help their home country after receiving their education abroad. When they stay abroad, they have "cheated" their home nations.

There are several things wrong with this argument, which we will point out shortly; but first, it is important to note that the very basic premise of the argument itself may be incorrect. In particular, when the argument of the brain drain is modeled formally, there are indications that there is actually a net benefit from those who leave, as many of them bring back remittances and others eventually return with higher levels of skills or human capital.

Table 2.2

The Brain Drain, Year 2000

Countries	Emigrants	Residents	Percent emigration
Cape Verde	8,128	4,000	67 %
Gambia	3,648	2,000	65 %
Seychelles	2,426	2,000	55 %
Sierra Leone	18,010	16,000	53 %
Ghana	71,309	81,000	47 %
Kenya	77,516	124,000	38 %
Uganda	34,970	63,000	36 %

Source: F. Docquier and A. Marfouk, "International Migration by Educational Attainment (1990–2000)," Release 1.1, update of World Bank Policy Research Working Paper 3381 (Washington, DC: World Bank, 2005).

First, to explain why there is concern about the brain drain, the following table shows that the brain drain proportions are high. It indicates that in the year 2000 close to half of all Ghanaians with tertiary education were outside the borders of the country. These are the numbers which incite the passion of many commentators on the brain drain question.

Nyarko constructed a simple model which attempted to identify the costs and benefits to the government or home country of mobility.[8] The focus of that study was on the tertiary educated, the area in which the brain drain has received the most attention. The costs of education per year are available for many countries—with annual per person tertiary education costs ranging from two times GDP per capita to 0.5 times GDP per capita for many African nations. One then includes the value of the losses from having the educated person migrate out of the country rather than be in the home country contributing to the economy. Following standard practice in labor economics, these were estimated using the wage rates of people with different education levels. From various data sets one is able to determine the fraction of people who migrate after being educated. Many of those who migrate, of course, send home remittances, which are a part of the equation. Finally, many return with higher skill levels.

All of these different components are entered into a model, and it turns out that the "government" or "nation," with costs and benefits as described above, benefits from the mobility of its citizens. Following standard, traditional labor economics, the net present values of these are determined. So the precise conclusion obtained is that there is a net-positive net-present-value to mobility to the government, at least as can be determined from the data sets used by Nyarko.[9] In other words, there is a high internal rate of return to the strategy of having mobile citizens. At even high costs of borrowing, it would be in the government's interest to borrow and fund schemes to educate its citizens, with a fraction being mobile. Gibson and McKenzie also show extremely high rates of return for some African nations, among others, using detailed data from several countries.[10]

Mobility and the Incentive to Acquire Human Capital

A somewhat more subtle issue around the question of mobility has to do with incentives. The bottom line is that the prospect of skilled people leaving the home country could also result in a larger number of skilled people *remaining* in the home country.

How does this work? In many situations having skills is a pre-requisite to successful emigration. Jobs may be available for nurses, skilled carpenters, or elevator mechanics; others may be able to migrate only by attending school at home. Many people may raise their own human capital to increase their odds of being able to emigrate—however, only a fraction of those will become successful émigrés. The remainder will be skilled, but will remain within the country. The increased stock of human capital is now a boon for the country, providing skills which may have been in shorter supply without the prospect of people emigrating.

Theoretical models showing this possible phenomenon appear in, for example, Stark and Zakharenko[11] (and the papers cited therein), and an empirical investigation was performed by Chand and Clemens.[12] This is particularly interesting in terms of the debates on the brain drain. It suggests that those countries with the largest number of skilled migrants abroad may also be the ones creating the most at home.

Work by Easterly and Nyarko tested whether countries with higher levels of brain drain are also those with the smallest number of skilled people—i.e., if the brain drain argument that mobility is harming the creation of local human capital is true.[13] That paper did not find a negative relationship. In particular there was no evidence that those countries with high levels of emigration were those with the lowest stock of human capital. This gives some credence to the assertion by the papers mentioned above that there may be an incentive effect—the brain drain itself is an incentive to acquire human capital which may more than compensate for those who leave.

Soccer and the "Foot Drain"

Soccer is an enterprise which commands the passion of many in the world – particularly in the Gulf nations – including as an investment activity (Manchester City Football club was recently purchased by Sheikh Mansour of the UAE), and as a source of advertising and publicity (Etihad and Emirates Airlines with Manchester City and A.C. Milan, respectively). Soccer also serves as an important illustration of the role of migration in enhancing human capital or skills development.

In many African countries, particularly in West Africa, there is a phenomenon which may be referred to as the "foot drain": the migration of top football players to European or Gulf country teams. In these teams they generate a large income, unbelievable to many in their native countries. Despite the large number of top players who have left, say, Ghana for Europe, Ghana probably now has a bigger stock of good soccer players in the country than it would have if football players were banned from leaving Ghana. The large number of football academies and the investment in football training may have a lot to do with the belief of many aspiring players that they may one day become a Michael Essien of Real Madrid/Chelsea or an Asamoah Gyan of Al Ain football club in the UAE. Only a few of these aspiring soccer players make it abroad. The remainder stay in their home country, dazzling and entertaining local populations. This level of training of soccer players within the home countries might not exist if the possibility of emigrating did not exist.

As an aside, the results above resolve an apparent paradox in the 'returns to education' literature. In many of the studies, a very low return to tertiary education has been observed in several developing countries. This seemed to contradict the clamoring for more tertiary institutions to be built by locals. The results in the literature led many international aid agencies to advocate a reduction in spending on higher education and an increase in primary and secondary education spending.

The low measured returns to education can of course be explained once we take the possibility of migration into account. The literature shows such low rates of return because the returns of those who have successfully migrated were not taken into account. In measuring returns to education, it must be noted that final wages after education depends upon whether there has been successful migration. When one takes into account the probability that a given individual migrates and "wins" a higher foreign wage, then the returns to education become very high.

As a human capital multiplier effect, one should also think about the schools that have been formed specifically for training people who are planning to migrate. There are elevator training schools in some countries whose participants are training for jobs abroad. This training is delivered in places where there are very few elevators, but as people are trained it becomes a more viable proposition to install elevators in the country in question. The possibility of emigration therefore creates the possibility of training for people who do not go abroad for work.

Production of Human Capital: Educational Institutions for Migrants and Non-migrants

In the earlier sections we argued that there are two characteristics of high mobility. First, it often requires or is associated with investments in human capital—potential migrants need to receive training before they are desired by outside employers; second, not all of those who eventually engage in such investments eventually leave; either they wanted to leave but did not win the "lottery" (the visa or the job), or else they changed their minds for another reason. Furthermore, the internal rates of return for these migrants is large. Combining these facts has an important but often overlooked and under-appreciated implication. It is possible to use emigration abroad as a tool for building schools in the home country which aid not only those who are leaving, but also those who are intent on staying.

The Philippines may be able to build a large number of nursing schools funded by the demand of those who seek to leave the Philippines as nurses, but which ultimately help those who want nursing training to

stay in the Philippines. Ghanaians may be able to build universities and medical schools knowing full well that a big part of the demand for these institutions may come from those who have some intention of migrating. However, they end up helping those who are unwilling or unable to travel abroad. Businesses may begin catering to migrants by providing instruction in fields such as elevator maintenance, air-conditioning repair, and fire safety engineering. These may be subjects where initially there is no demand (e.g., in a city with few tall buildings, and therefore few elevators). The presence of skills in these areas then spurs other entrepreneurial activities (e.g., installation of elevators in a building given the supply of trained technicians locally.)

Table 2.2 showed some shocking figures for Ghana. Many look at the table and focus on the high rates of the brain drain—around 47 percent of all tertiary educated Ghanaians were outside the country in 2000. The more shocking figure is actually the small number of tertiary educated Ghanaians—a total of 152,309 tertiary educated for a country whose population today is 25 million and was around 19 million in the year 2000. The focus should not be on those who have left the country, but instead on the extra doctors and nurses and tertiary educated who could have been trained if there were more tertiary institutions in the country.

Increased Skills of Returnees

Many of those who leave their home countries eventually return, often better trained and with important work experience. As destination countries have their rises and falls in income, they serve as a magnet for migrants, and then the migrants return to their home countries. Some migrants leave with every intention of returning after a few years abroad. Pires' surveys of Africans earning PhDs show a desire to return after about five years by the majority of those interviewed.[14] When these migrants return they do so with improved skills and new ideas.

A classic example of this is Tetteh Quarshie of Ghana. He left the shores of his country in around 1870 for Fernando Po in today's

Equatorial Guinea. There he discovered the cocoa plant, and returned to his home country some seven years or so later, with skills and ideas which sparked an economic revolution in his country based on cocoa. In many cities around the world, it is the returned migrants who are putting up buildings and creating new industries.

Anecdotal evidence suggests that Ethiopia, one of the fastest growing economies in the past few years, has witnessed building booms and increased entrepreneurial activity based in part on returnees. The new Ethiopian Commodities Exchange, which many say has transformed the Ethiopian coffee sector, was created using the skills of its returned diaspora. Apparently the model for the Exchange was based on an earlier one used in the formation of Ethiopian Airlines, which is today one of the most successful and extensive African airlines. Café Kaldi, with a logo very similar to Starbucks, was the brainchild of a returnee from the United States.

Addressing the Migration Skeptics

As mentioned in the introduction, there are a number of issues around the question of migration and mobility which will not be tackled in this paper —destination country issues in particular. However, there are a number of often-raised peripheral issues which should be addressed, and that are clearly within the purview of this paper. We turn to these below:

Robbing the Source Country of their Workers

The above sections mention many different ways in which migration benefits the migrant, the family left at home, and the home country from which they migrated. This paper has not taken up the question of measuring the impact of the loss of the workers in the home country. There is very firm work in the literature on this aspect—David McKenzie partially addresses this in this volume.

On the other hand, it should be noted that many of those who migrate do so from societies where they run a high risk of being

unemployed. It is hard to imagine how being unemployed in the home country can be a good thing for either the unemployed or the home country, to such an extent that it would overshadow all the positive aspects of migration outlined earlier. There are, of course, those with jobs at home, albeit at much lower wages, who still decide to migrate. They do this for pecuniary (and perhaps other) reasons. However, the same logic applies—they left because it is better for them to do so. If they are relatively low paid, then again it is hard to imagine how this could be bad for the home country. Even with skilled migrants – as shown by Nyarko – it is hard to make the case that when they decide to migrate, their impact on the home country is on balance bad.[15]

"Wasted" or "Depreciated" Human Capital: The Nuclear Physicist Driving a Taxi

The issue of "wasted" human capital is often brought up when discussing migration. The argument is that migration is wrong and bad because it often results in people who are skilled in their home countries in a particular profession but are not able to practice that profession because they have migrated to a foreign land where those skills cannot be put to use. Examples are often given of the doctor or nuclear physicist trained in their home country that leaves for economic reasons to go abroad but is forced to find employment is a completely different profession—often as a taxi driver, according to the narrative.

Of course, if the person in question could, instead of driving a taxi, be a doctor or a physicist in their destination country or in their home country, they may indeed be better off. Unfortunately this is often not the choice that individuals face. The choice is either (a) staying in their home country with the training they have but perhaps being unemployed or with very low salary levels; or (b) migrating abroad and taking up a different, usually lower skilled occupation. If the individual freely chooses to go abroad, it will usually be because the option abroad is better than the option at home. To say that migration is bad because someone is forced to take a lower skilled job abroad is to confuse the options which are available to the migrant. People do not have the option to "(c) migrate and be a doctor or nuclear scientist." To compare option (a) to this option (c) is a false choice. It is not one which can be used to argue the merits of migration. People strive to better their conditions. This often results in very hard and painful tradeoffs of good and bad things. If someone chooses to migrate, they have decided the good things outweigh the bad. To then only focus on the bad and claim migration is bad, is to mix up the logic of the situation.

Furthermore, this so-called phenomenon of "wasted human capital" is something which happens many times as people make career choices, even those which involve no migration at all. Someone who is a very good classical musician or an artist may decide to go into another profession, say finance, because it pays much better. This too is lost "human capital." To say that finance is bad because it destroys human capital in music or art is obviously a fallacious statement. Similarly, if our nuclear scientist has decided to forgo science to drive a taxi while abroad, this is a positive impact of migration, which has enabled this person to have a larger set of options and opportunities, one of which this person has chosen.

Over-supply of the Educated?

One often hears anecdotally that there are countries which have had large numbers of people educated, with the intent of migrating, but then when the doors of migration abroad close, these people have "wasted" their education. One often hears this argument in connection with countries like Egypt, Tunisia and sometimes Jordan, where large numbers of people have been educated and where it is claimed they have limited migration options now for a variety of reasons. This argument is often made in connection with countries where the government spends money on education, and hence it is subject to the accusation that the spending has been wasted.

There are several problems with these arguments. First, it is doubtful that any government has set up its education system on the premise of exporting their people. When people leave, it is usually because of unanticipated declines in the functioning of the local economy (even if the actions of the governments themselves caused the decline and even if this should have been foreseeable). Second, presumably having educated people is a good thing for any society—whether they migrate or not.

Migration is only one avenue for jobs. The same argument of course holds for all education undertaken in the hope of getting a job. Education in a particular field may be useful and may have been a wise decision despite the fact that some of those who acquire the skills may find out later that the job market is tight and jobs are not as plentiful as before. The jobs are usually even less plentiful for those without the necessary education.

Conclusion

We have described a number of ways in which human mobility is important for the source or home countries. They are listed below to allow us to discuss them collectively.

- Benefits to the individual: wages;
- benefits to the extended family: remittances;
- positive internal rates of return to migration;
- incentives to acquire human capital;
- educational institutions for migrants and non-migrants; and
- increased skills of the returnees.

In this paper, we have listed two types of benefits of mobility. On the one hand, there are the financial benefits—the wages and remittances of those who migrate. We indicate that there is a positive rate of return to mobility in the sense that the increased wages and remittances outweigh the local costs of education. A second set of benefits we have discussed involve the human capital generation of mobility. This takes the form of increased investments in human capital by those who leave, increased human capital of those who intended initially to leave but do not, and the increased human capital of those who migrate and then return to their home countries. This higher level of human capital is available to the home country's economy. Since many economists cite human capital as an engine of economic growth, the fact that mobility has a positive influence on human capital is important.

The magnitudes of the different benefits can be measured. The financial benefits are the most straightforward to measure, and as indicated earlier there have been many computations of these benefits—by the World Bank and many academic authors. The magnitudes of the benefits on the human capital side are much harder to measure and much more work is required in this direction.

Of course there are many non-economic pluses and minuses of mobility which this paper does not consider. Some have studied whether mobility increases or decreases the civic mindedness of citizens. Recent work by Oloufade and Pongou on dual citizenship seems to suggest that these effects are relatively low.[16]

Yet others discuss whether having a larger middle class at home could help in governance—the argument being that the brain drain may result in fewer people back home insisting on good governance. As mentioned earlier, it is not established that mobility itself causes a reduction in the number of skilled people in a country, due to what was called the human capital incentive effect. Then there are arguments as to whether those who leave and return either improve or lower the cultural or social values when they return to their home countries. This paper has shied away from making pronouncements on these more social and non-economic issues; but there has been no discernible agreed conclusion in the literature on these issues.

The mobility discussed in this paper focuses on that which occurs between nations, usually between a rich country and a relatively poorer one. Of course, most of the issues described here also hold true for

migration within a nation and between neighboring nations with only small differences in income levels. Work at the Center for Development Studies in the Indian state of Kerala, for example, indicates that whereas there used to be a lot of migration from Kerala to the UAE, increasingly there is migration from Kerala to other Indian states. Furthermore, for example, although a lot of the discussion here has been about African migration to the West, the migration within Africa and within African nations is every bit as important – many would argue even more important – as Africa–West or Africa–Gulf mobility (see Adepoju, and references in these works which stress this).[17] For internal Indian and African migration, most of the issues mentioned in this paper still apply.

Hopefully we have convinced the reader that there are a number of valid reasons why migration is good for migrants and their countries of origin. We have noted in this paper that the benefits are both financial and lie in the ability of migration to spur human capital development. We have described some of the issues that critics bring up when they complain about migration. So, what is the role of policy makers in this migration debate? Policy makers are best placed to be the champions of the positive effects of migration for the origin nations, many of them poor nations with residents who can benefit from the possibility of migration.