International economics

INTERNATIONAL LABOUR MOBILITY

The world is being transformed by the globalization process. States, societies, economies and cultures in different regions of the world are becoming increasingly integrated and interdependent. New technologies make it possible for capital, goods, services, information and ideas to move quickly from one country and continent to another. Moreover, owing to the expansion of the global economy, millions of women and men and their children can now access better opportunities in life.

Although globalization trends have facilitated the movement of goods, services and capital across borders, their impact on the cross-border movement of people and labour remains much more restricted, regulated by a complex web of immigration laws and policies that uphold the principle of state sovereignty (WCSDG, 2004). Economic indicators of globalization – exports, foreign direct investment (FDI) and financial integration – have expanded rapidly since the mid-1980s.

Yet globalization has had important implications for international labour migration, acting as both a “push” and a “pull” factor. It has facilitated linkages between international labour markets through vast improvements in information and communications technology (ICT). The demand for high technical skills has expanded opportunities for the mobility of skilled labour. Concurrently, expanded trade reduces some need for migration by creating jobs in home countries. Virtual mobility enabled by ICT has similarly promoted outsourcing and more jobs in other regions.

It is also clear, however, that globalization has led to widening disparities in employment opportunities, incomes and living standards, and human security across the globe (ILO, 2004b; Wickramasekara, 2006a). Expanded trade has benefited only a limited group of countries. In some countries, globalization has adversely affected jobs and livelihoods in traditional sectors. The failure of globalization to create new jobs where people live is a prime factor in increasing migration pressures. “When people cannot find work at home in their communities and societies they look elsewhere” (Somavia, 2006a, p. 1).

International migration is a widespread phenomenon, involving flows of more than 100 million people per year and a growing number of countries (WCSDG, 2004). In some cases this movement has been temporary, while in other cases it has led to permanent settlement. What was once predominantly a migration flow from the South to the North has now acquired a significant intra-developing world dimension. International migration, including increasing irregular migration, has occurred despite a tightening of immigration controls in industrialized countries, and – in contrast to the cross-border movement of goods, services and capital – without any concerted effort to promote it.

2. Driving forces: Past and future

The forces driving migration are varied and complex, and global explanations may not apply to all individual situations. Poverty, wars, famine and repression are certainly among the major causes of migration, but there are other factors as well.

Some of the reasons for crossing national borders include population pressures on scarce natural resources; income inequality between poor and rich countries; growing urbanization; reduction in the cost of transport and communications, resulting in increasing interactions among societies; the absence of respect for human rights in some countries; and establishment of migration networks by earlier migrants. In the future, climate change may raise migration pressures. Contemporary international migration can essentially be explained, however, by the increasing differences between countries, the lack of gainful employment, decent work and human security in certain parts of the world, the growing demand for both high- and low-skilled workers in destination countries, and the geographical proximity and historical linkages between origin and destination countries (Martin and Widgren, 2002).

3. Diversity of migration

There are many ways of distinguishing different groups of migrant workers, based on motivation for migrating, skills, age, sector, occupation and distance from origin. The distinctions most commonly used are based on anticipated duration of stay, reflecting the fact that control over who enters a country and how long they stay is a core aspect of national sovereignty. On this basis, the admission of migrant workers falls into two broad categories:

a) Permanent migration, referring to admission of workers falling under different immigration categories (i.e. family reunification, highly skilled) for an indefinite period of stay, that is, a stay without a time limit imposed by the destination country.

b) Temporary migration, referring to admission of workers (sometimes referred to as “guest workers”) for a specified time period, either to fill year-round, seasonal or project-tied jobs, or as trainees and service providers under Mode 4 (Movement of Natural Persons) of the GATS.

Migrant workers may also be classified according to skill levels. Although migrants from developing countries work in almost every job type, they tend to be concentrated at the bottom and top of the employment ladder. The majority are at the bottom of the ladder in low-wage and low-skilled jobs that tend to remain migrant jobs. They work in agriculture, mining, construction and a variety of service areas, such as hotels and catering, restaurants and domestic work. Women are strongly represented in these low-paid service jobs, and many women now migrate on their own to take on such work.

At the other end of the scale are millions of professional workers, both women and men, who travel to other countries in search of higher wages or greater opportunities. An important part of this flow consists of professionals and managers who move within the internal labour markets of transnational corporations in the course of expanding trade or FDI. These so-called **"intra-company**

transferees” have become a ubiquitous presence in the more dynamic regions of the world, where they are the purveyors of new production techniques and managerial know-how. Three out of every four transferees move from one rich country to another, especially across the Atlantic, while most of the remainder move among the more successful newly industrializing countries in East Asia and South America.

In addition to movements within these internal markets, there are larger movements of highly skilled labour in various occupations, including ICT, medicine, teaching, sea and air navigation, journalism and communications, and entertainment.

Despite this upward trend in skilled migration, contemporary migration flows remain dominated by workers moving to fill low-skilled jobs in segments of the labour market vacated by native workers who move on to better jobs. It should be pointed out, however, that this phenomenon is not uniform across regions; in the OECD countries in particular, there has recently been an increase in skilled migrant workers. Labour and immigration policies influence the absorption of migrant workers in different economic sectors, so that, for example, migrant farm workers are more important in the United States than in Western Europe. Both the UN Secretary-General's report for the High-level

Dialogue and the GCIM have pointed out the necessity of both low- and highly skilled workers in destination countries. The GCIM used the term "essential workers" to refer to both, and an OECD study pointed out that "as shortages and mismatches across the skills spectrum intensify, recognizing the human capital of all immigrants so as to employ it more smartly, even strategically, must become a priority" (Dayton Johnson et al., 2007, p. 22).

Irregular migration

The ILO has not formally defined irregular migration, or migrant workers in irregular status, in its migrant worker instruments. The Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143) – the first international instrument to deal with the issue of migration in abusive conditions – uses the terms “clandestine”нелегальный to refer to irregular migratory movements and “illegal” to refer to undocumented employment. Significantly, however, it does not use the term “illegal” to refer to migrant workers themselves.3 Similarly, the UN instrument pertaining to migrant workers and their families, the 1990 International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, considers migrant workers as documented or in a regular situation if they are authorized to enter, stay and work pursuant to the law of the destination country and international agreements to which it is a party. It considers migrant workers as undocumented or in an irregular situation if they do not comply with those conditions.

Irregularities in migration can occur at every stage of the migration process – pre-departure, transit, destination and return. Irregular migration can range from simple unauthorized border crossings for work to forced labour through trafficking and smuggling of human beings. Its very nature makes it extremely difficult, if not impossible, to find accurate data on irregular migration.

The enormous range of figures produced by those who have attempted to estimate the numbers involved itself indicates the unreliability of these figures. In Europe, for example, estimates of the migrant population in irregular status vary from 3 million to 8 million (Lupini, 2006). At a global level, the same degree of inaccuracy exists. Therefore, all estimates in this area must be considered with extreme caution.

Even though the estimates are unreliable, and even though migrant workers in irregular *status are only a small proportion of all migrant workers, the fact that the estimates are large is a strong indication that the demand for migrant workers is not matched by the supply allowed to enter through regular channels.*

4. Impact on Receiving Countries

The initial impact of migrants' arrival upon the host country's economy depends upon a number of circumstances. In contexts where wages are relatively flexible, such as the United States, there is some evidence that the added supply of labor depresses wages of workers within the same broad education level (Borjas 2003). Where wages are less flexible, such as in much of Europe, the impact tends to be revealed in higher unemployment (Münz et al. 2006). Yet, in both cases, the magnitudes of such impacts appear to be relatively small.

More generally, the employability and productivity of migrants depends upon how well their skill profiles match the demands of employers. A few countries, including Australia and Canada, have adopted a point scheme to filter acceptable immigrants in an effort to enhance the likelihood of job matching.

However, where prior job offers are required for entry, as in some categories of migrants to the United States, the demands of employers are probably more closely matched. Indeed, it may be argued that a large portion of irregular migration is driven fairly directly by employers' demands. To this extent, **penalties** on employers for hiring irregular migrants is probably one of the most effective ways of limiting undocumented immigration, but few societies possess the political will to impose and enforce such penalties (Martin and Miller 2000; Hanson 2006).

The initial impacts of migration upon the host country are thus quite mixed. Though in most situations, the net overall impact on incomes of natives is probably small. Over time, other factors come into play.

First, the mix of industrial activities in the host country may begin to adapt to the new arrivals. For instance, some of the more labor-intensive forms of agriculture would probably not exist today in EU countries and in the United States were it not for access to migrant workers. The fact that some of these lines of agricultural products are also subsidized raises curious anomalies with respect to public policy.

Second, migration can have an impact on the fiscal balance of the host state. Whether migrants are net contributors to this balance depends upon, inter alia в частности, whether they are employed, whether taxes are collected out of their incomes, and whether they are eligible for and need state support.

Certainly some of the high-income nations with low or negative natural population growth rates are actively considering the potential for migration to resolve the dynamic problem of supporting an ageing population. More highly-skilled migrants are probably large net contributors to the fiscal coffer, as are migrants of working age, and those who stay only temporarily rather than becoming dependent upon state support in their old age. Thus, unless migration is managed explicitly for this purpose, it is unlikely to offer a major source of relief in the pending в ожидании social security crises (Lee and Miller 2000).

A third dynamic effect of immigration is the role of migrants in accelerating technical progress in an economy. From the 2000 Census, the U.S. National Science Foundation (2006) estimates that more than 35 percent of Ph.D. scientists and engineers in the United States were foreign born. There are no clear estimates of the contribution of these migrants to technical progress in the United States.

The net impact of migration upon total income generated in the host countries is probably small in most instances. Some of the dynamic effects may be larger though we lack sufficient evidence to be sure. However, these net impacts mask the fact that some groups within the host countries gain while others lose: the distributional impacts of immigration may be substantial even while the net effect remains small. Those in direct competition with the new migrant workers are typically hurt most. Very often these are prior migrants. Employers generally gain from the larger pool of potential employees. Beyond this the distributional effects are, however, mixed. For instance, whether the professional classes gain from the arrival of less-skilled workers depends both upon whether their professional activities benefit from complementary subordinates and whether, as consumers, the middle classes gain from cheaper costs of hiring migrants (for example, as gardeners and babysitters). Also, the professional classes may benefit from lower prices for low-skill services more generally (Davies and Wooton 1992).

Impact on Sending Countries

Turning from the economic impacts of migrants upon the host countries and their existing populations, consider the case of those left behind in the countries of origin. Again the story is mixed. On the one hand is the negative potential of such factors as “brain drain”. On the other hand, remittances tend to be seen by many governments as the dominant benefit to the home country from labor migration abroad. Reported remittances to the developing regions have grown rapidly, although it is not clear how much of this is simply a growth in reporting. In any case, international remittances to the developing regions are now the largest source of financial inflow after direct foreign investment, having surpassed both debt flows and official development assistance. For several of the major emigration countries, remittances exceed merchandise export earnings. Remittances also offer a critical source of support in times of crisis and tend to increase during times of economic downturn at home, in contrast to other financial flows (World Bank 2006).

5. Theories

There is no single theory widely accepted by social scientists when it comes to migration phenomenon as research of migration is intrinsically interdisciplinary. It involves sociology, political science, law, economics, demography, geography, psychology and cultural studies (Brettel C. and Hollified J. F., 2000).

Ernest Ravenstein is regarded as the earliest migration theorist. Ravenstein used census data from England and Wales and examined them. The conclusions were presented in chapter Laws of Migration in Coming to America. He assumed that migration is closely connected with "push-pull" factors.

Both push factors such as low wages, high unemployment rates, lack of health care and pull factors such as: high wages, low unemployment incline people towards leaving their countries of residence. In other words, the primary cause for migration is better external economic opportunities (Daugherty H. G and Kammeyer K. W.1995, Bodvarsson Ö,Van den Berg H. 2009).

Many theorists as Allen Jones in American Immigration, Alan Kraut in The Huddled Masses and Thomas Archdeacon in Becoming American followed Ravenstein's conviction of new era in immigration history and started dealing with the question of how people came to the United States and how it influenced the population and society in the United States (Brettell C.B and Hollifield J. F., 2000).

Neoclassical Economics: Macro-Theory is probably the best-known approach presenting sources of international migration. It arose from the theoretical model explaining internal labor migration in the face of economic development (Corry 1996, Harris and Todaro 1970). According to the theory assumptions:

1) The main cause of labor migration are differences in wages between a sending-country and a receiving country. In other words, wage differentials elimination will end international migration of workers and

migrants will not migrate if such differentials do not exist.

2) International labor migration is influenced by labor market mechanisms. It means that other kinds of markets (insurance market, capital market) do not have an important effect on the international flows of workers

3) The international labor migration can be controlled by the government through regulating labor markets in both sending and receiving countries (D. S Massey, 2005)

Neoclassical Economics: Micro-Theory arose in response to a macroeconomic model. Following assumptions are characteristic of the above-mentioned theoretical model:

1) Rational individuals migrate because having calculated costs and benefits they come to the conclusion that they receive the positive net return from movement. In other words migrants estimate the cost and the benefit of moving and migrate to that country where expected net returns are greater than in the country of origin (Borjas, 1990).

2) Migrants estimate net returns in each future period by taking the observed earnings and multiplying them by probability of obtaining a job in the destination country to obtain 'expected destination earnings'

3) The policies that affect expected earnings in sending and receiving countries can

influence the size of migration flows (D.S Massey 2005)

The New Economics of Migration is a theoretical model that has arisen in response to the neoclassical theory (Stark and Boom, 1985). According to that model:

1) Families, households and other culturally defined units of production and consumption are those who count in analysis for migration research (not individuals)

2) A wage differential is not a necessary condition for making a decision about migration to other country

3) International migration does not necessarily stop when differences in wages disappear. Conviction of migration rightness

will exist if other markets in the country of origin such as: insurance market, capital market, consumer credit market ect. are absent or imperfect

4) Governments are able to change the size of migration flows through regulating labor markets and, in case they do not exist or are imperfect, all markets mention above.

Dual (or Segmented) Labor Market Theory shows the importance of institutional factors as well as race and gender in occurring labor market segmentation (Castle and Miller 2009). According to Michael Piore's conclusions presented in the Birds of Passage: Migrant Labour and Industrial Societies the main cause of international migration is a structural demand within advanced economies for both highly skilled and lower skilled workers. Ipso facto migration is not caused by push factors in sending countries but by pull factors in receiving countries (Piore, 1979). According to the theorists:

1) International labor migration is largely demanded-based and takes its beginning from recruitment by employers in developed societies or by governments acting on their behalf

2) Because the demand for workers from other countries is structurally built into needs of the economy and is expressed through recruitment practice rather than wage offers, differences in international wages are neither

a necessary nor a sufficient condition for arising and existing migration of labor workers.

3) Governments are able to influence international migration but only through major changes in economic organization (Castles and Miller, 2009)

Alternative models of explanation international migration phenomenon are called ***Historical-Structural Theory and World System Theory respectively.***

History-Structural theorists claim that international migration is caused by unequal distribution of political and economic power in the world economy (Castles and Miller).

The Worlds System Theory argues that penetration of capitalist economic relations into non-capitalist or pre-capitalist societies creates a mobile population that can easily make a decision to migrate (D.S. Massey, 2009).

The last theory to present is called the ***Social Capital Theory.*** It is a theoretical model explaining international migration through presenting a concept of migrant networks. According to this approach:

1) International migration expands until network connections are wide enough that all people who wish to migrate to that country can do so without difficulties

2) The correlations between wage differentials or employment rates and migration flows hardly exist

3) Controlling migration in the light of that approach is very difficult as migrants network are created outside the country and occurs irrespective of policies pursued (Casles and Miller, 2009).