

## INTRODUCTION

Jeffrey Williamson points out that the world economy since 1970 and the world economy a century ago share a common feature<sup>1</sup>. Namely, the movement of capital and labor across borders as a result of globalization. He notes that a century ago, the mass migration of labor from Europe to the New World<sup>2</sup> sparked an improvement and convergence in the standard of living in the Atlantic economy.

Although it is difficult to make a direct comparison with Williamson's study, what is different from the economy a century ago is that, despite substantial labor migration from developing countries, we have not seen the marked improvement in the standard of living in these countries. There seems to have even been considerable divergence between rich and poor countries.

From the mid-1970s onwards, South Asian countries experienced the large scale outflow of workers to oil exporting countries in the Gulf, and this is still the case today. Workers leave their countries for higher wages, dreaming that one day the money they earn abroad will bring a better life for their families. International migration of workers continues until they have materialized their dreams. South Asian countries are still underdeveloped and support the largest population living in poverty. This is one of the main push factors behind labor migration from South Asia.

While there exists the traditional pattern of un/semi-skilled labor migration simply driven by wage differentials between labor exporting and importing countries, new types of labor migration have emerged. One such example is the movement of highly skilled Indian IT professionals to developed countries. This form of labor migration, which involves a flow of human capital that differs in nature from the migration of unskilled workers, has posed new problems and challenges to developing countries.

Changes in the international environment after the September 11 terrorist attack have also raised a new issue in international labor migration. The crackdown on informal channels of money transfer has reshaped the flow of workers' remittances. Many migrant workers now transfer part of their earnings through official routes. The resultant increase in workers' remittances through official channels has presented us with an opportunity to reexamine the impact of remittances at both micro and macro levels.

Thus, the issues in international labor migration have become increasingly complex. However, there has been a lack of relevant literature in this area of research. De Haan put it, "Within development studies, migration has not received the attention it deserves."<sup>3</sup>

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<sup>1</sup> Williamson, Jeffrey G. "Globalization, Labor Markets and Convergence in the Past," in Philippe Aghion and Jeffrey G. Williamson (eds.), *Growth, Inequality and Globalization*, Cambridge Univ. Press, Cambridge, United Kingdom, 1998.

<sup>2</sup> Today's Australia, Argentina, Canada, and the United States.

<sup>3</sup> De Haan, Arjan. "Livelihoods and Poverty: The Role of Migration- A Critical Review of the Migration Literature." *Journal of Development Studies*, December 1999, Vol. 36, No.2, pp.1-47.

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In an attempt to fill the gap that prevails in the existing literature, this report examines new trends in labor migration from South Asia, as well as issues that have not received much attention but nevertheless require academic investigation. The report is made up of seven papers by seven different researchers, and is divided up into two parts.

The first part of the report examines new trends in labor migration from South Asia.

1. *Binod Khadria* analyzes the migration of high skilled labor from India. He argues that, in the present Indian polity, the migration of high skilled labor is no longer being looked as a brain drain; rather, the boom in the information technology sector in the developed countries is being looked at as an opportunity to reap the benefits of a 'brain bank'. In presenting the changing profile of the high-skill migration trends from India, apart from the macro data on movement of professionals and students, results of two case studies undertaken by the author in the winter of 2002 are presented – one on perceptions of skilled health professionals (doctors and nurses) regarding migrating abroad for work, and the other on the role of returned migrants in making the city of Bangalore a 'corridor' for mobility of high-skill professionals from and back to India.

2. *Habibul Haque Khondker* points out that scant attention has been given to the international migration despite large number of Bangladeshi workers have gone to the Gulf following the oil boom in the 1970s as migrant workers. His study traces the history of Bangladeshi international migration with special emphasis on the recent trends of labor migration to East and Southeast Asia. As many host countries are increasingly becoming concerned over the problem of undocumented migration and human trafficking is becoming a growing menace in Bangladesh, the paper also attempts to shed light on these issues. The diverse landscape of migration in Bangladesh is presented as contradictions in the processes of globalization.

3. *S. Irudaya Rajan* discusses the trends in emigration from Kerala to West Asia (Gulf), remittances and their impact on households, economy and society. Among the states in India, Kerala occupies the prime position in exporting human labor to West Asia. He notes that the state's dynamic social development in the past half a century and the relative stagnant in its productive sectors have created ideal conditions for an acceleration of migration from Kerala. The paper also goes on to analyze the complex issues: the impact of migration on elderly and women. The study shows that the absence of husband causes several hardships for wives such as loneliness; but at the same it brings several benefits also.

The second part of the report deals with the economic consequences of migration and workers' remittances.

4. *Haroon Jamal* provides empirical evidence on the relationship among international remittances, poverty, inequality and growth in the context of Pakistan, based on the macro as well as micro level data. His study finds that time-series analysis of macro aggregates estimates a remittance multiplier of 3.07, but it channels mostly through consumption. Household level analysis indicates an approximate 2-percentage point decrease in poverty incidence. The low impact is due to the fact that the majority of remittance recipient households are non-poor and belong to the middle or upper income quintiles. The study also shows a negative relationship between migration and

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the level of deprivation of origin (district). The household welfare analysis, albeit crude, indicates a positive impact on child education in remittance recipient households.

5. *G.M. Arif* analyzes the effects of overseas migration on household consumption, poverty, child schooling, infant and child mortality and labor force participation, based on the 2000-01 Pakistan Socio-Economic Survey. The study shows that the total per capita monthly expenditures of migrant households were at least 50 percent higher than the expenditures of their non-migrant counterparts, and this difference was more pronounced on non-food expenditures including housing, education and health. The analysis demonstrates that in general migrant households have benefited from overseas migration. He concludes that if the rationale for development is for people to be able to fulfill their basic minimum needs and to improve their standards of living, most migrant households appear to have met these criteria.

6. *Md. Mizanur Rahman* claims that, contrary to a common belief that international labor migration contributes to poverty reduction, the recent trend suggests that labor migration in Asia does not always yield a positive economic return for the migrants and their families. In many cases, economic costs of migration even outweigh economic benefits, resulting in the extension of poverty among the migrants and their families. The paper examines “poverty as a result of migration,” based on a financial cost-benefit analysis of Bangladeshi migrant workers in Singapore. The surveys conducted by the author find that Bangladeshi labor migration to Singapore was not economically beneficial for a substantial number of migrants and their families. The study points out the emergence of the “new migrant poverty class” in Bangladesh.

7. *Hisaya Oda* examines the impact of remittances on economic growth. The study analyzes trends in remittance flows and their characteristics from a macro-economic perspective. It highlights the fact that remittances are less volatile and more equitably distributed than other types of resource inflows. A simple theoretical model presented in his essay suggests the possibility that remittances are detrimental to output growth, as they influence the recipients’ labor/leisure choices. The empirical study based on official remittance data demonstrates at least “non-negative” impacts of remittances on growth performance, indicating that negative impacts on recipients’ labor choices are either not severe or can be compensated for by the positive benefits that remittances bring.

This report shall not seek to come up with definitive answers or remedies; rather the objective is to gain an understanding of the current state of labor migration and related issues in South Asia. It also aims to provide basic research and thus a foundation for future studies.

Hisaya Oda