

# Migration, governance and development in a period of slow growth

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# Emigration does not always foster development

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- Emigration is a decision made by individuals, households and communities, for their own benefit.
- As such, it is often a means for their own development.
- But not necessarily for the development of their sending country.

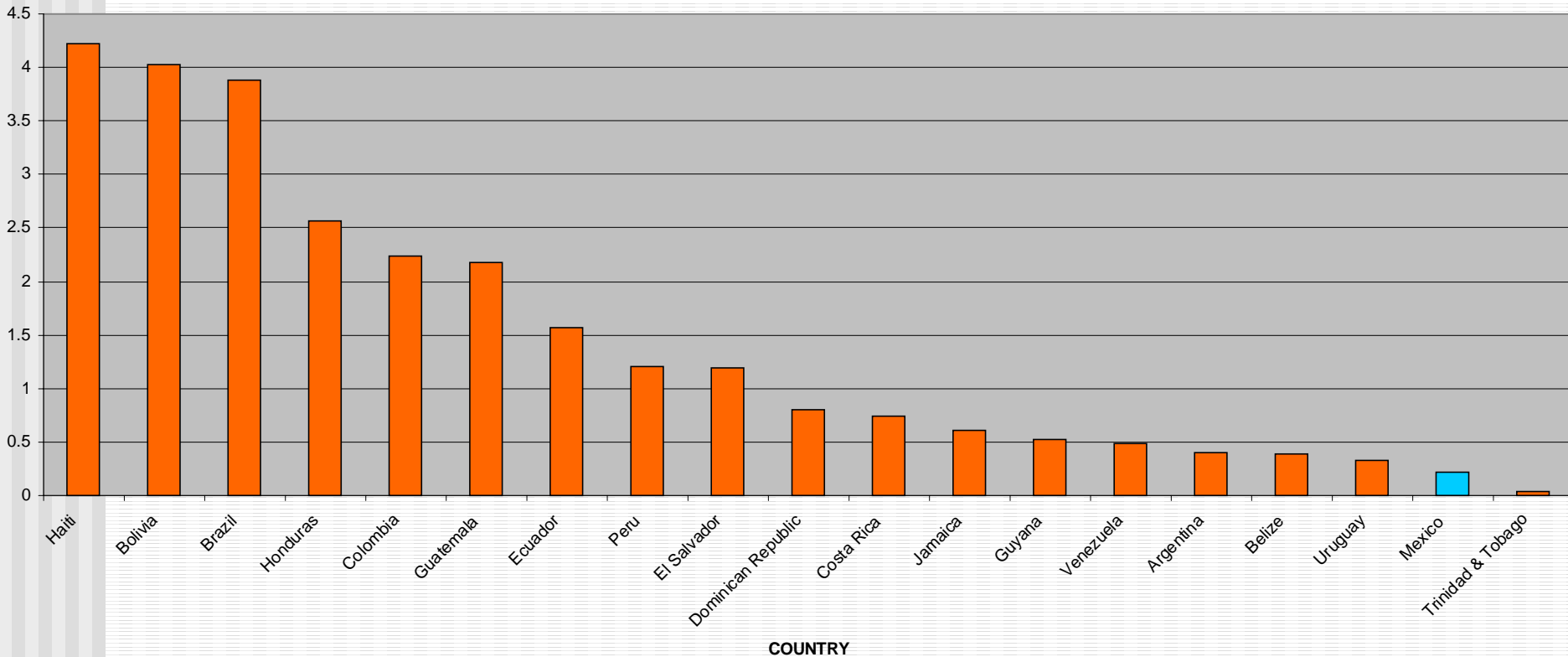
# Emigration and sending countries

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- Do we gain or lose from emigration?
- Are emigrants a “surplus” or marginal population, or a loss to our development?
- Is governance possible?
- What do we want from governance?
- What policies seem to work?

# Winners and losers in Latin America (RPC/GDPPC).

REMITTANCES TO GDP INDEX



## In other words:

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Each country shows a specific "migration regime", with wide variation in results, depending on:

- GDP gap. Poorer countries gain more.
- Human Capital (including language).
- Legality (with opposite outcomes).
- Family reunification.
- Socially expected duration (return).

# Interpreting the index ...

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- Is Haiti (Index = 4.2) better off through migration?
- What if emigrants are all professionals?
- Would they earn 4.2X the local GDP if they stayed?
- Could they find jobs in Haiti?
- Is emigration solving a problem (unemployment) or creating one (extracting valuable workers)?
- Does a short-term solution trigger a long-term problem?
- EACH COUNTRY MUST ARRIVE AT ITS OWN CONCLUSIONS.

# Then, ask tough questions.

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- Is the status quo positive?
- Is the migration regime manageable?
- Can political consensus be achieved?
- Are there partners (IOM, govts., firms, EU)?
- Can effective, COMMENSURATE, policies be enacted?
- To what purpose, specifically?
- National development or migrants' development?

# Governance of migration for development depends on

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- Finding incentives that both serve the migrants and their society.
- Citizenship: rights and participation.
- Regular migration.
- Returns: what skills.
- Remittances that do not impoverish workers.
- Impact on key sectors (Africa vs. India)
- Impact on income structure.
- Impact on investment.
- Impact on regional development.

# Mexican emigration

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- Almost all to U.S.
- Over 50% undocumented.
- Mostly low-skill.
- But high-skill is significant loss.
- Returns have fallen.
- Remittances large (23 Bn. US).
- But falling.
- 2008: less emigration, more returns.

# Period I in Mexico 's attitude to diaspora.

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- Migration is individual decision. "Transit freedom" allows even illegal emigration.
- US recruitment and demand created flow. US should solve it (IRCA).
- Emigration (+ remittances) are a solution to Mexican crises, not a problem. Laissez Faire.
- ∴ A "Policy of No Policy"

## Period II: New attitudes.

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1990: Diaspora is a force in Mexico and US. Can it be an ally in both (elections, NAFTA)?

1995: MOUs on trials, repatriation, etc.

1991: Eliminate extortion, crime, human rights abuses vs. Migrants.

Gradually increase and leverage remittances.

- Actual regulation is mainly in US hands.
- 2001: migration "negotiations".
- Negotiations stall. Rapprochement useless.

# Policies: 3 X 1.

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- Purpose: to build social infrastructure (and productive investments) in migrant - sending communities.
- Migrant organizations provide one part of financing. Local, State and Federal Governments another each.
- Works approved by all, executed by municipalities.
- (Together with pressure on banks, deregulation of remittance markets to lower transfer costs)

## 3 X 1 evaluation:

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- It works. Funds are used correctly, some social oversight.
- Poorest migrant - sending communities participate less (regressive).
- Some projects aesthetic or religious, not developmental (but devpt is broader).
- Correct to channel govt. funds to non-poor communities and mere cosmetic works?
- Approval very bureaucratic.

# Lessons from 3 X 1.

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- First, create govt - organization links, foster trust.
- Migrant organizations must be formalized.
- Migrants must have voice in local, state planning bodies.
- For public goods: don't mix with enterprise development.
- Watch regressivity. More to poorer communities?
- Good to multiply, diversify (Matching funds for various objectives: SME, housing, etc.).

# Pension totalization and tax reimbursement.

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- Purpose: to add pension funds from more than one country for a migrant worker, ease retirement.
- Bilateral.
- Without it, migrants are discriminated against.
- In L.A., only Chile has a totalization agreement with U.S.
- Agreement with Mexico was approved by presidents, but frozen in U.S. Congress.
- Must continue to demand it, with proper accountability to migrants.
- May have significant impact on local development, when migrants return to retire, enjoy pension.

# Diaspora representation (IME)

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- Purposes: to improve relations with diaspora, promote return and development, create ally in destination country.
- 1st, create link and trust, formalize representation in host country.
- Elections.
- Representative council, with executive officer.
- Commissions linked to ministries, Congress.
- It may cost (council demands, pressures).
- Follow - up.

# IME assessment

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- Familiarizes diaspora leaders with sending society institutions and policies.
- Creates governance links to diaspora.
- Increases power of diaspora, citizenship (demonstrations 2006).
- Educates potential Hispanic leaders in U.S.
- Implies wide consular network.
- One of several solutions (foreign districts in Congress in Colombia, minister for migrant affairs in El Salvador).

# Is there a New-New Approach?

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- “Migrant” programs and policies are tiny, never benefit most migrants.
- Largest, effective programs tailored at “deserving, traditional (settled) families”.
- Migrants and their families are discriminated against by a traditional conception of “family” as Mother, Father and children, always stable, never moving.
- Families with migrant members often lose benefits from social programs, have no incentive to return.

# Example: Oportunidades.

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- World's first and most famous CCT.
- Aims to break cycle of reproduction of poverty (and lower poverty).
- Substantially increases schooling of young, esp. indigenous, women. It works.
- 5 Million households, 23 million persons, 4 Bn Dollars.
- But: if father or mother leave, household can lose all benefits and scholarships. If family returns, very difficult to apply and join.

# Example: "Popular Health Insurance"

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- 6 Million Households, 2.7 Bn. Dollars.
- Subsidy to states to provide comprehensive health service for free to poor families.
- Migrants have demanded to have it to cover families while they work in US.
- Has not worked. Has been redesigned several times.

# Example: PROCAMPO

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- Cash subsidy to farmers. 2 Bn. Dollars.
- Other farm subsidies 12 Bn Dollars.
- Same problem: if farmer leaves, subsidy likely to be lost, if farmer returns almost impossible to apply and join.

# Final example: Housing

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- Very complex cross-subsidy mechanisms.
- In all, over 20 Bn. Dollars.
- Again, bias towards stable families.
- Migrants allowed to contribute, but do they benefit from subsidy? First evidence says NO.
- Migrants should have access to matching funds for housing and SME wherever they want to live in Mexico.
- Entrepreneurial migrants don't return to poor villages. They want cities. They should have access to funds there.

# Simple lessons:

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- Advertise all major social programs to migrants in US.
- Facilitate application and ports of return.
- Process promptly!
- And make sure benefits are real!

# If we do that

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- Diminish emigration through greater value of staying home (minimize catastrophes).
- Increase rate of returns.
- Facilitate investment.
- Lower unemployment, leverage savings of returning migrants.
- Minimize disruptions caused by migration process.

# Side benefits of large programs

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- CCT useful to manage temporary migrant workers (information, compensation).
- Health Insurance useful for migrants.

# Final remarks

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- True governance can only be achieved through binational actions and policies.
- “Migrant” programs do some good.
- But more could be done if equal treatment of migrants and families in major social programs (citizenship).
- Together, target actions and equal treatment could markedly diminish emigration, increase returns, savings.
- Missing yet: large pro-job policies.