

Migration and Development: A Perspective from Asia

No. 14

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IOM International Organization for Migration

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ISSN 1607-338X

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Migration and Development: A Perspective from Asia

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November 2003



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EXECUTIVE SUMMARY

The complex two-way relationship between international migration and economic development and social change is only partly understood but there is increasing appreciation of the role that international migration between less developed and developed countries can play in the redistribution of wealth between them. Indeed, there is a growing consensus that remittances represent a substantially greater redistribution of wealth than foreign direct investment (FDI) and foreign development assistance (FDA). However, such net positive outcomes are by no means assured and the overall developmental impacts are influenced by a range of factors, including the nature and scale of the migration, the strength of networks, cultural and social contexts and policies in sending and receiving areas. The present paper seeks to demonstrate the ways in which international migration can and does impinge on development in receiving areas. In doing this, it focuses on examples taken from the Asian region, although the lessons are applicable to other regions also.

An initial focus is directed on the flows of remittances associated with international migration. In the past, remittances have tended to be dismissed as trivial in size and used for consumption rather than developmental expenditure. This orthodoxy has now been challenged as research on remittances has become more sophisticated and improved methods of measurement have shown that remittances are indeed very substantial. Even official data, which seriously underestimate remittance flows, show global levels of some US\$ 72.239 billion – substantially more than either FDI and FDA. Trends and levels of flows of remittances in Asia are discussed as well as the policies developed to better capture and mobilize remittances in the region. This is followed by a discussion of the uses being made of remittances in Asian countries of origin. There is increasing evidence that the developmental impact of migration has been underestimated in the past owing to a failure to consider the second and third-round multiplier effects of remittances. The extent to which policies have been effective in channelling remittances into more productive areas is also discussed.

Much of the literature on the impact of migration on development has centred around the issue of brain drain and there can be no doubt that a considerable net outflow of highly educated people from less developed to more developed areas has indeed occurred, and that in some cases this has had deleterious consequences on local development. However, recent research shows that the consequences of the outflow of human capital for less developed countries are more complex. The paper shows how several Asian countries have been able to mobilize their diasporas to benefit development in the countries of origin. Some of the policies put in place include the opportunity to bank in local institutions and to benefit from preferential

interest and tax rates. They encourage expatriates to invest in local enterprises and aim to benefit from their overseas business contacts to expand and diversify local production and to gain access to foreign markets for local exports, as well as assisting more generally in the development of economic, political and cultural linkages abroad through the expatriate business community. Indeed, there are econometric studies that indicate that in some contexts emigré skilled workers can often contribute more to national development by migrating than they would have if they had remained at home.

It has also been shown that the eventual return of a significant proportion of skilled emigrants constitutes a major necessary condition for migration to produce a net positive development effect in countries of origin. However, research also indicates that although there is a significant desire to return, this is often not actualized. Thus, programmes and policies to facilitate net return migration are analysed. Similarly, efforts to reintegrate returning emigrants and temporary workers into the local economy are examined.

The next section of the paper examines the policy implications of the findings presented earlier. Remittance policies and programmes designed to maximize remittance flows, to direct them through official banking channels and to assist migrants to invest remittances in developmentally effective ways are reviewed. In addition, a number of policy considerations relating to diasporas are considered. These revolve mainly around two areas: policies designed to involve the diasporas in national economic and social development while they are outside the country, and policies and programmes related to return migration.

The final part of the paper seeks to draw a number of conclusions regarding the impact of migration on poverty. The relationship between migration and poverty is indeed a complex one as, depending on the particular circumstances, poverty can often be both a cause and a result of migration. However, of most interest in the present context is the potential and actual role of international migration in alleviating poverty. It is argued that migration can be an effective tool to fight poverty in less developed countries. However, migration does not always play such a role and it is necessary to create an appropriate policy and programme environment if the chances for migration to alleviate poverty in countries and regions of origin are to be maximized.

INTRODUCTION

The relationship between international population movements on the one hand, and development and social change on the other, especially as it relates to less developed, emigration nations, remains little understood. A body of research indicates that most migrants as well as most destination countries gain a net benefit from “south-north” migration. Discussions about the effects on countries of origin in the south, however, have hitherto largely centred on the negative effects of the so-called brain drain. However, it is also increasingly clear that the migration and development relationship is a complex one that operates in both directions and is influenced by many factors such as the scale and composition of movement, the individual characteristics of migrants, the political, cultural, economic and social contexts at origin and destination, whether the move is permanent or temporary, etc. Researchers who have lived in Asian communities that are experiencing significant emigration to the more prosperous “north” have long known that the impacts of such movements are certainly not all negative. In recent times increased attention has focused on the positive impacts of migration in communities of origin and on the development of policies that can maximize the benefits and minimize the negative effects of the movement. Such net positive outcomes are, however, by no means universal and the overall developmental impacts are influenced by a range of factors, including the nature and scale of the migration, the strength of networks, cultural contexts and policies of sending and receiving areas. The present paper seeks to demonstrate the ways in which international migration can and does impinge on development in receiving areas. In doing this, it focuses on examples taken from the Asian region, although the lessons are applicable to other areas of the world too.

The paper is divided into three major sections. The first focuses on the financial flows associated with international migration. In the past, remittances have been dismissed as trivial in size and used for consumption rather than developmental purposes. This orthodoxy has now been challenged as research on remittances has become more sophisticated. Improved methods of measurement have shown that remittances are indeed very substantial. Even official data, which severely underestimate remittance flows, show global levels of US\$ 80 billion in 2002 – greater than FDI and FDA (*Migration News*, 2003(10): 2). Trends and levels of flows of remittances in Asia are discussed as well as policies that have been developed to better capture and mobilize remittances in the region. This is followed by a discussion of the uses being made of remittances in Asian countries of origin. There is increasing evidence that in the past the development impact of migration has been underestimated owing to a failure to consider the second and third round multiplier effects of remittances. There is also some discussion of the extent to which policies have been effective in channelling remittances into more productive areas.

The second section is concerned with the issue of diasporas. Many Asian countries now have substantial communities based in other countries and issues have been raised as to the extent to which those diaspora can be mobilized to the benefit of development in their communities of origin. Some examples from Asia of the role of diaspora and the attempts made to develop policies to enhance the linkages with the home community are given.

One of the major necessary elements in emigration having a net positive development impact in countries of origin is the eventual return of a significant proportion of the original emigrants. Research indicates that though there is often a considerable desire to return, it is seldom actualized. The development of programmes and policies to facilitate net return migration are analysed. Similarly, efforts to reintegrate returning emigrants and temporary workers into the home country economy are examined.

The final part of the paper seeks to draw a number of conclusions on the impact of migration on poverty. The relationship between migration and poverty is indeed a complex one where poverty may often be both a cause and a result of migration. However, of particular interest in the present context is the potential and actual role of international migration in alleviating poverty. It is argued that migration can be an effective tool in the fight against poverty in less developed countries. However, migration does not always play such a role and there is a need to create an appropriate policy and programme environment if the chances for migration to play an active role in alleviating poverty are to be maximized.

MAXIMIZING REDISTRIBUTION OF WEALTH FROM NORTH TO SOUTH THROUGH MIGRATION

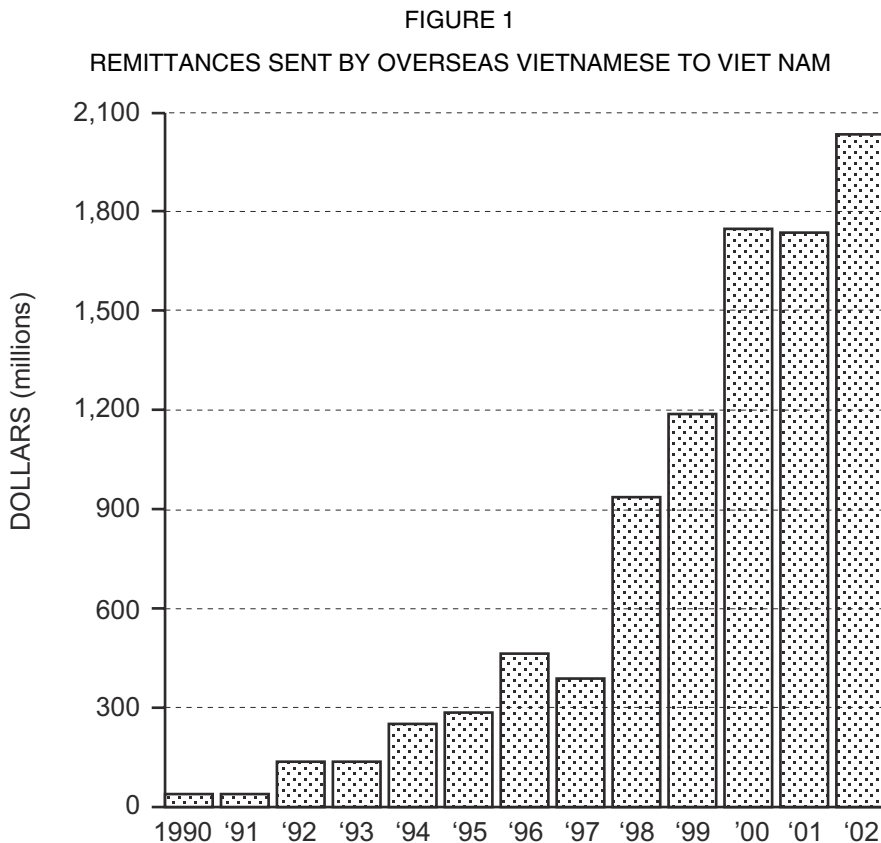
Remittances in Asia

The conventional wisdom of the last two decades that remittances generated by international labour migration were trivial in both scale and impact has largely been dispelled by improved measurement of financial flows and more intensive studies of the first, second and third round effects of remittances in communities of origin. Nevertheless, there is no doubt that official financial transfer data in Asia substantially underestimates the real flows as probably up to half of the remittances are not sent through official channels. Although this varies from nation to nation, there is evidence that in recent years the proportion transferred through the official system has increased (Hugo, 2003a). A study in Bangladesh showed that 40 per cent of remittances to Bangladesh are sent through illegal *hundi* sources, 4.6 per cent through friends and relatives, 8 per cent are carried by hand by migrants when they return and 46 per cent go through official sources (*Independent Bangladesh*, 7 January 2002). The *hundi/hawala* system, common in the Middle East and the Indian subcontinent, is a transfer or remittance from an expatriate worker in one country to a nominated person in his/her country of origin without a formal transfer of money or use of formal financial institutions. It usually involves intermediaries (*hawaladars*) (Wilson, 2002). In Pakistan, senior bankers estimate the real flow at between US\$ 8-10 billion of which only US\$ 1 billion is actually sent through official channels (*Dawn*, 23 February 2002).

To demonstrate the limitations of officially available data on remittances, the example of Viet Nam is instructive. The United Nations Population Division (2002) have no data for Viet Nam in their listing of global workers' remittances. A survey of Vietnamese in 1997-98 found that 56.5 per cent of respondents had relatives overseas and that 48.1 per cent reported receiving money from them (Lintner, 2000: 48). Figure 1 shows that in 2002 the Bank of Vietnam measured remittances at US\$ 2.4 billion (*Far Eastern Economic Review*, 26 October 2002 - 2 January 2003), double the US\$ 1.2 billion recorded in 1998 (*Asian Migration News*, 31 October 1999). These included remittances from around 100,000 overseas contract workers in South Korea, Japan, Malaysia, Taiwan¹ and Russia employed as construction workers and domestic workers, as well as the diaspora of 2.5 million *Viet Kieu* or Vietnamese who settled permanently overseas. However, the official remittances are only part of a total flow of around US\$ 4 billion. More than half of the remittances are sent from the United States, followed by Australia, Canada, France, Germany and Japan. Some

70 per cent are directed to the former South Viet Nam (Cohen, 2003: 48). The remittances are not taxed in Viet Nam and there has been a proliferation of local companies and agents involved in remittance transfer. Western Union has subagents in 52 provinces and cities in Viet Nam (Cohen, 2003: 48). The Philippines is another case in point. The United Nations (1992) projections for 2000 were US\$ 125 million, but the Central Bank of the Philippines reported them at US\$ 1 billion in 1989, US\$ 5 billion in 1995 and US\$ 8 billion in 2002 (*Migration News*, December 2002).

Clearly there are two major groups of remitters. First, the diaspora of Asians who have settled abroad more or less permanently, especially in OECD countries.



Source: State Bank of Vietnam, *Far Eastern Economic Review*, 16 January 2003: 48.

TABLE 1
TRADITIONAL MIGRATION COUNTRIES/REGIONS:
ASIAN POPULATIONS ABROAD (2001)

	Europe/ Japan	Australia	US	Canada	New Zealand	Total
	1999	2001	2001	1996	2001	
Afghanistan	na	11,296	39,000	11,815	735	56,571
Bangladesh	84,800	9,078	104,000	12,405	1,185	211,468
Brunei	na	2,068	na	4,310	na	6,493
Burma	na	10,973	22,000	3,125	513*	35,921
Cambodia	47,400***	22,979	92,000	19,505	4,770	185,114
Chinese Mainland	471,700	142,780	947,000	238,485	38,949	1,838,914
Hong Kong ²	na	67,124	223,000	249,175	11,301	542,520
India	248,800	95,452	1,024,000	240,560	20,889	1,629,701
Indonesia	185,300***	47,158	72,000	9,340	3,792	315,860
Japan	608***	25,469	334,000	24,300	8,622	380,974
Korea, Republic of	668,700	38,902	826,000	52,170	17,934	1,603,706
Laos	31,800	9,565	117,000	14,905	1,017	173,827
Macao	na	1,948	na	7,110	na	6,058
Malaysia	35,300	78,858	39,000	20,930	11,460	185,548
Mongolia	na	126	na	20	na	146
Nepal	na	2,628	na	540	na	2,753
Pakistan	932,568**	11,917	241,000	41,085	1,317	1,211,902
Philippines	250,200	103,942	1,273,000	190,395	10,137	1,827,674
Singapore	na	33,485	23,000	8,580	3,912	66,682
Sri Lanka	167,000	53,460	na	72,355	6,168	298,983
Taiwan	na	22,418	246,000	52,480	12,486	298,674
Thailand	82,100	23,602	142,000	8,085	5,154	260,941
Viet Nam	180,100	154,833	758,000	141,080	3,948	1,237,961
Other Asia	na	12,458	491,000	55,120	1,485	502,097
TOTAL Asia	3,386,376	982,519	7,013,000	1,477,875	165,774	13,025,544

* 1996; ** 1997; *** 1998.

Source: ABS 2001 Census; US Census Bureau Current Population Survey 2001; New Zealand 2001 Census; Statistics Canada 1996 Census; OECD, 1999, 2000 and 2001.

Table 1 presents official figures from a number of sources on the contemporary stocks of Asian-born persons living in OECD countries. Although 13,025,544 Asian-born people are listed as living in these countries, this is a serious underestimate of the actual numbers involved, since data are not available for all countries, nor does it include the children born to immigrants and undocumented migrants. However, birth-place data are especially relevant in the present context since it is the first generation of settlers who maintain the strongest links with their home regions. The figures in the Total column in Table 1 undoubtedly underestimate the size of the Asian diasporas. For example, it is estimated that “about 18 million Indians live in more than 100 countries” (*Migration News*, 7, 12 December 2000), the Viet Khu, or overseas Vietnamese, number 2.7 million (Cohen, 2003: 48) and the Pakistan diaspora is estimated at around 3.5 million (*Dawn*, 5 October 2001). Undoubtedly the largest diaspora is that of the Chinese and the overseas ethnic Chinese population, estimated at 34 million, (*Taiwan Economic News*, 2000).

The Indian diaspora is one of the largest, second only to that of China. In the mid-1990s the Indian government officially began to distinguish between “People of Indian Origin” (ethnic Indians with non-Indian citizenship) and Non-resident Indians (NRIs – Indians abroad). It is estimated that the approximately 20 million ethnic Indians and Indians abroad together have an annual income of about US\$ 400 billion, equivalent to 80 per cent of the income generated by the 1 billion Indians living in India (*Migration News*, October 2002). About half of the Indians abroad are first-generation immigrants born in India (Abraham, 2001). It is estimated that the 1 million Indians in the United States are equivalent to 0.1 per cent of the total population living in India, but earned the equivalent of 10 per cent of Indians’ national income in 2000 (*Migration News*, November 2002).

The second source of remittances is from Asians who are international labour migrants temporarily working overseas. These groups tend to remit a greater proportion of their earnings than those who have settled more or less permanently in the destination countries. To estimate the number of those working abroad is quite difficult since not only are data collection systems in the region generally poor, but especially because undocumented labour migration is probably at least as large as the flow through official channels. Table 2 provides estimates of the numbers of contract workers from Asian countries deployed in other countries. As will be noted, the bulk of these work in the Middle East or in other Asian nations. Women are an important component in this movement. Since most of this migration is temporary and its main drivers are the desire to earn money to support families at the place of origin, and to accumulate sufficient capital for investment, the great majority of contract workers send remittances to their Asian origin countries.

TABLE 2
ASIAN COUNTRIES/REGIONS: ESTIMATES OF STOCKS OF MIGRANT WORKERS IN OTHER COUNTRIES

Origin Countries	Number	Main Destinations	Source of Information	Year
South-East Asia				
Burma/Myanmar	1,100,000	Thailand	<i>Migration News</i> , December 2001	2001
Thailand	340,000	Saudi Arabia, Taiwan, Myanmar, Singapore, Brunei, Malaysia	<i>Migration News</i> , March 2002; Scalabrini Migration Center, 1999	2002
Laos	100,000 ^b	Thailand	Asian Migrant Center 1999; Scalabrini Migration Center, 1999	1998
Cambodia	200,000	Malaysia, Thailand	Scalabrini Migration Center, 2000	1999
Viet Nam	370,000	Korea, Japan	Nguyen, 2002; Cohen, 2003	2002
Philippines	7,300,000	Middle East, Malaysia, Thailand, Korea, Hong Kong, Taiwan	<i>Asian Migration News</i> , June 2002	2002
Malaysia	250,000	Japan, Taiwan	Asian Migrant Center, 1999	1995
Singapore	5,000 ^a		Asian Migrant Center, 1999	1998
Indonesia	2,000,000 ^a	Malaysia, Saudi Arabia, Taiwan, Singapore, South Korea, United Arab Emirates	<i>Migration News</i> , November 2001	2001
TOTAL	11,595,000			

TABLE 2 (cont.)
 ASIAN COUNTRIES/REGIONS: ESTIMATES OF STOCKS OF MIGRANT WORKERS IN OTHER COUNTRIES

Origin Countries	Number	Main Destinations	Source of Information	Year
South Asia				
India	1,100,000	Middle East	<i>Migration News</i> , March 2000 and April 2002	2002
Pakistan	3,180,973	Middle East, Malaysia	Scalabrini Migration Center, 2000	1999
Bangladesh	3,000,000	Saudi Arabia, Malaysia	<i>Migration News</i> , July 2002	2002
Sri Lanka	1,500,000	Middle East, Malaysia	<i>Migration News</i> , January 2001	2000
Nepal	1,400,000	Middle East, India	Asian Migrant Center, 1999	1999
TOTAL	10,180,973			
North East Asia				
Chinese Mainland	334,164	Middle East, Asia and the Pacific, Africa	Xiao-Chu, 2002	1999
North Korea	300,000	China	<i>Migration News</i> , June 2002	2002
South Korea	632,000	Japan	<i>Migration News</i> , August 2002	2002
Japan	18,000	Hong Kong	Stahl and PECC-HRD, 1996	1995
TOTAL	1,284,164			

a) Documented.

b) Undocumented.

Impacts on Asian economies

It is difficult to assess the impact of remittances on Asian economies because of the lack of comprehensive and accurate data. In Table 3, official remittances are related to merchandise exports and imports in a number of Asian countries. Moreover, three of the four largest nations in the world are in Asia, so the amounts of remittances required to have a significant national impact are substantial. China, the world's largest nation and with the largest dispersed diasporas, experiences a massive inflow of remittances. The figures for China in Table 3 are only the remittances sent back by the relatively small number of contract workers deployed by the Chinese government. They do not capture the massive flows of funds from Chinese settled abroad. It is estimated that China's expatriates account for about half of their country's foreign direct investment (FDI) (Sharma, 2003: 29). In recent years there has been a substantial involvement of Chinese business people in Taiwan, Hong Kong and elsewhere in channelling money into the Chinese mainland.

Despite the data limitations, Table 3 indicates that in countries like the Philippines, Bangladesh, Pakistan, India and Sri Lanka, remittances represented a substantial ratio to exports. The government of Sri Lanka has openly stated that overseas remittances "have now become the backbone of the country's economy" (*Asian Migration News*, 31 August 2001). Around a million overseas contract workers, 60 per cent of them women working as domestics, remitted Rs 100 billion in 2001 and Rs 115 billion in 2002 (US\$ 1.2 billion) (*Asian Migration News*, 16-31 January 2003). North Korea receives a substantial inflow of remittances from the 100,000 pro-Pyongyang Koreans living in Japan. Indeed, the inflow of US\$ 600-700 million in 1993 was equal to the North Korean budget (Smith, 1993). Much of the flow was directed towards the 95,000 returnees who left for North Korea from Japan in the 1960s.

In nations experiencing substantial inflows of remittances the macroeconomic impacts have been considerable. Between 1990 and 1999 remittances contributed an average 20.3 per cent of a nation's export earnings and 5.2 per cent of GNP (Go, 2003: 5). In Pakistan remittances have been recognized as a significant factor in the reduction of external debt, a doubling of foreign reserves and the posting of a current account surplus in 2002 (Slater, 2002). In 1995 official remittances in Pakistan were more than five times as large as FDI and only slightly less than the national trade deficit (Rashid, 1996). In Viet Nam it is estimated that remittances equivalent to 11 per cent of GDP, have been crucial in helping Viet Nam cope with a US\$ 2.77 billion trade deficit, reduced pressure on the local currency and stimulated private investment. Moreover, it exceeds FDI (US\$ 2.3 billion), the export of crude oil, the largest commodity export (US\$ 3.2 billion) and US\$ 2.5 billion ODA for 2003 (Cohen, 2003, 48).

TABLE 3

MAIN ASIAN LABOUR EXPORTING COUNTRIES/REGIONS: WORKERS' REMITTANCES
RELATIVE TO EXPORTS AND IMPORTS IN US\$ MILLION, 1979-2001

Country	Year	Workers' Remittances	Total Merchandise		$\frac{R}{X}$	$\frac{R}{M}$
			Exports (X)	Imports (M)	X	M
Indonesia	1980	33	21,908	10,834	0.1	0.3
	1992	264	33,815	27,280	0.8	1.0
	1997	1,261	63,238	62,830	2.0	2.0
	1998	1,252	48,848	27,337	2.6	4.6
	1999	1,295	55,741	42,071	2.3	3.1
	2000	1,295	62,016	33,547	2.1	3.9
Philippines	1980	421	5,744	8,295	7.3	5.0
	1992	2,222	9,790	15,465	22.7	14.4
	1997	5,742	40,365	50,477	14.2	11.4
	1999	6,795	39,012	36,767	17.4	18.5
	2000	6,050	40,000	34,600	15.1	17.5
Thailand	1979	191	5,240	7,158	3.6	2.7
	1992	1,500	32,473	40,466	4.6	3.7
	1997	1,306	72,415	72,437	1.8	1.8
	1999	1,346	65,903	48,704	2.0	2.8
	2000	1,603	68,920	62,040	2.3	2.6
Bangladesh	1980	339	885	2,545	38.3	13.3
	1992	912	1,903	2,527	47.9	36.1
	2001	2,000	5,700	8,480	35.1	23.6
Pakistan	1980	2,038	2,958	5,709	68.9	35.7
	1992	1,566	7,264	9,360	21.6	16.7
	2001	2,000	9,132	11,060	21.9	18.1
India	1980	2,756	11,265	17,378	24.4	15.9
	1992	2,891	19,795	22,530	14.6	12.8
	1999	11,002	47,419	59,138	23.2	18.6
Sri Lanka	1980	152	1,293	2,197	11.8	6.9
	1992	548	2,487	3,470	22.0	15.8
	1999	1,056	5,648	6,661	18.7	15.9
Korea	1980	101	19,815	25,152	0.5	0.4
	1992	487	76,394	81,413	0.6	0.6
	1999	54	156,701	114,446	0.0	0.0

TABLE 3 (cont.)

MAIN ASIAN LABOUR EXPORTING COUNTRIES/REGIONS: WORKERS' REMITTANCES
RELATIVE TO EXPORTS AND IMPORTS IN US\$ MILLION, 1979-2001

Country	Year	Workers' Remittances	Total Merchandise		$\frac{R}{X}$	$\frac{R}{M}$
			Exports (X)	Imports (M)	X	M
Chinese Mainland	1982	541	21,875	19,009	2.5	2.8
	1992	228	84,940	80,585	0.3	0.3
	1999	384	207,584	165,894	0.2	0.2

Source: Hugo, 1995; Battistella and Asis, 1999; *Asian Migration News*, 30 June 1999; *World Bank Development Report*, various volumes; Soeprobo, 2002: 5; Go, 2002: 12; Chalamwong, 2002; IMF Balance of Payments Statistics Yearbooks; *Migration News*, March 2002 and July 2002.

Some have argued that the excessive reliance on remittance flows can have negative consequences on national economies. Tiglao (1997: 40), for example, argues in the Philippines case that it has insulated a backward agricultural sector from modernization and diverted attention from the need to attract foreign investment in manufacturing. There is considerable concern in Asia (Athukorala, 1993) that labour migration, in conjunction with remittances, can lead to the so-called "Dutch disease", i.e. the appreciation of the real exchange rate:

The Dutch disease creates a condition of greater vulnerability to external shocks by stimulating imports and reducing the incentives to develop exports. The Dutch disease also leads to an over-emphasis on capital-intensive methods of production. To avert the deleterious consequences of the Dutch disease, a number of policies can be adopted, including the depreciation of the currency, and structural reforms in the production sector to achieve greater economic efficiency (Quibria, 1996: 97).

Regional and community impacts

The examination of remittances at the national level does not always reflect their true impact. Migrants are not drawn randomly from across a nation's territory. Most come from particular regions and particular localities within those regions. Hence, the impact of remittances is large in those particular areas. This assumes particular significance when it is considered that many migrant workers come from the poorest regions in their countries. In the large nation of Indonesia, for example, it has been

shown (Hugo, 1995) that overseas contract workers are overwhelmingly unskilled workers with little education who are selectively drawn from rural areas and generally from some of the poorest among them, such as parts of Java and Eastern Indonesia. Since there is a strong network factor involved in the migration process, these tend to be not just areas or regions of emigration, but particular emigration villages from which it becomes usual for some groups to go abroad to work. This means that the economic impact of remittances is concentrated in particular areas and its effects there are greatly magnified. Moreover, this is often in poor areas that are neglected by central and provincial governments and private investors.

It is not always the case that migrant workers are drawn selectively from rural areas, however. For instance, in the Philippines larger numbers originate from urban areas. Moreover, Go (2003: 5) shows that they come from wealthier families. However, one may well wonder at the extent to which that wealth has been a result of remittances rather than a pre-migration characteristic.

Eki (2002) found that in 1997 the estimated remittance income in East Flores district of Indonesia was four times higher than the budget of the entire provincial government, while its resident population made up only 5.7 per cent of that of the province. It was 36.7 per cent higher than the value of exports from East Flores. Remittances received in a *kabupaten* in East Java province of Indonesia in 1995 amounted to Rs 61.3 billion, several times higher than the entire government budget of the *kabupaten* (*Republika*, 19 February 1995). In the Philippines province of Zambales it is estimated that a third of the 729,387 families there derive their income from migrants' remittances (*Asian Migration News*, 30 June 1999).

A study of the impact of external transfers on the economy of the state of Kerala in India, Nair and Pillai (1994: 18) found that remittances from abroad accounted for around 13 per cent of Kerala's total income enabling the state to maintain a level of consumption almost equal to or, in some years, even higher than its net domestic product. Nevertheless, the state remains one of the poorest in India. The researchers found that transfers had raised consumption levels, expanded trading sectors, increased the demand for social services, health and education, influenced demographic structures and raised expectations, but spending by governments and households was mostly on services and goods imported from outside the regions. Secondary and tertiary impacts of such spending had leaked into the larger economies leaving few multiplier and linkage effects in the regions themselves (Nair and Pillai, 1994: 32). Undoubtedly, there is leakage of funds remitted to their home areas by migrant workers out of those areas. Bank officials in Larantuka East Flores, Indonesia, estimate that for every US\$ 1.3 remitted, around US\$ 1.00 flows out of the area to meet costs such as sending children to school, the purchase of large items for the household, etc.

Hence, the leakage factor is considerable, at least as regards the funds that arrive through the formal banking system.

Some studies have found that remittances have tended to increase income inequality in communities of origin with families of overseas workers substantially increasing their incomes, and the resulting inflationary effects, and the impoverishment of households that do not receive remittances (Mahmud and Osmani, 1980). However, whether or not this occurs depends very much on which families the migrants are drawn from, the type of jobs, earnings etc. Other studies have found that remittances had a neutral effect on income distribution in receiving communities (e.g. Adams, 1969).

Impacts on families

The overwhelming evidence from surveys conducted in Asia is that families gain a net benefit from remittances and generally spend more on consumption than non-remittance households and have higher rates of saving (Abella, 1992). Taylor *et al.* (1996: 398) point out that “the first-round effects of international migration on economic development are, therefore, concentrated in the household itself”. Hence the bulk of the studies on remittance impacts on households indicate that remittance-receiving households benefit from additional money being available for a range of consumer goods, improved housing and living conditions, better access to health and education services and, in many cases, from investment in productive activity. While the bulk of studies of remittance use by families indicate that much of the spending of remittances was on consumption, recent studies find that the degree of investment in productive activities has been substantial (e.g. Eki, 2002). Moreover, as Taylor *et al.* (1996) point out, almost all studies fail to analyse the second and third-round impacts of consumption spending in terms of their impact in generating employment and economic development. Certainly, if consumption is predominantly of locally produced items, the effects will be substantial. Where they involve the purchase of goods manufactured outside the region, there will be leakage effects. However, in some cases such purchases (e.g. of a motor vehicle) can have important positive impacts on the local economy (e.g. through enabling locally produced goods to be more readily marketed).

In the Philippines, data from the National Family Income and Expenditure Survey found that 17.4 per cent of all households had an OFW overseas who remitted money to them. These households accounted for 25.3 per cent of total household expenditure in the Philippines. The impact of remittances is substantial when it is considered that this does not include the effects of remittances sent home to families

by Filipinos who have permanently emigrated to other countries (*Asian Migration News*, 16-28 February 2003).

In the literature on remittances it has been argued that the developmental impacts have been limited because the bulk is expended on consumer items. However, other research has suggested that the positive developmental impacts have been underestimated for the following reasons:

- Eki (2002) found considerable development-related expenditure of remittances in his intense study of a village in East Flores, Indonesia, suggesting that survey-type research may miss much of the developmental activity associated with remittances.
- Most studies find that a high proportion of remittances is spent on upgrading housing, which is dismissed as consumption. However, detailed research in Mexico has shown that the second and third-round effects of expenditure of remittances on housing are considerable where they employ local people and use local materials. Careful analysis by Adelman and Taylor (1990) found that for every dollar remitted from abroad, total GNP increased by between US\$ 2.69 and US\$ 3.17, and that the largest income multipliers were in rural communities where expenditure patterns favoured the purchase of locally produced goods and services and labour-intensive production technologies. Similar findings from Bangladesh (Stahl and Habib, 1991) indicate that each migrant worker overseas creates three jobs at home through remittances. Of course, to the extent that housing materials, household goods and day-to-day items purchased from remittances are brought in from elsewhere, it means that the benefits on development will also be felt elsewhere rather than in the emigration area.
- Another common finding in remittance studies is that a substantial amount is spent on the education of siblings, children and other family members. This clearly represents a significant contribution to development, although obtaining an education may be associated with out-migration from the emigration community to places offering more educational and occupational opportunities.
- There is evidence that the emigration of workers eases local un- and underemployment and the pressure on agricultural opportunities.
- While there are undoubtedly substantial social costs associated with much labour emigration, especially associated with the splitting up of families, there have also been positive impacts in terms of improving the role and status of women in sending areas.

Policy issues

Policy concerns with remittances in the labour sending countries of Asia have generally been of two types:

- To maximize the inflow of remittances from overseas workers and other citizens or former citizens overseas.
- To mobilize those remittances so that they are directed into the formal banking sector and recipient households use them in ways which enhance national development priorities (Athukorala, n.d.: 2).

In terms of increasing the inflow of remittances, one important policy aim must be to reduce the transaction costs both in the migration process itself and in the sending of remittances. In several countries excessive rent is taken by a range of intermediaries involved in the recruitment, preparation, sending and employment of overseas workers. This substantially reduces the amount of money migrants are able to remit. In addition, it is clear that several of the mechanisms for remitting money from the countries of employment to the home countries take an unfair percentage in commissions. Therefore, the development of efficient, cheap and reliable remittance systems is an urgent need.

Some nations have built remittance targets into their national Development Plans. For instance, in its Fifth Five Year Plan (1989-94) Indonesia estimated that US\$ 1.8 billion were transferred through official channels and set a target of US\$ 8.4 billion for the Sixth Plan (Hugo, 1995). Other nations have put in place programmes to capture as much of the foreign exchange earned by its nationals overseas as possible. South Korea was a pioneer in this, stipulating a precondition for issuing exit permits to contract workers that at least 80 per cent of earnings had to be remitted through the Korean banking system (Athukorala, n.d.: 3). Attempts by the Philippines, Pakistan, Thailand and Bangladesh to do something similar have failed (Abella, 1992). It is difficult to enforce such regulations when much of the labour migration is occurring outside of government influence.

Athukorala (n.d.: 4) points out that to encourage migrant workers to send remittances through official channels sending countries use two systems: repatriable foreign currency accounts and foreign currency denominated bonds. Most Asian countries with substantial numbers of workers overseas, both temporary and permanent, have systems in place in their domestic banks for the remittance of earnings to repatriable foreign currency accounts. These accounts are not subject to existing foreign exchange regulations and, in some cases (e.g. India and Pakistan), have an interest

rate policy which allows such accounts to earn interest above prevailing world rates (Athukorala, n.d.).

Some Asian nations have at various times attempted to tax remittances, but in most cases this has failed with the main effect being to divert remittances towards non-official channels. In 2002, Sri Lanka announced that it would impose a 15 per cent tax on the US\$ 1.2 billion remittances received each year. However, it had to quickly withdraw the measure in the face of a massive outcry (*Migration News*, January 2003).

India has a long history of encouraging Indians living abroad to remit money to their home country. One such scheme has been to sell national bonds to Indian nationals. In 1998, for example, the Indian government offered “Resurgent Indian Bonds” denominated in foreign currency available only to Indian investors (Dalal, 1998: 53) which are:

- Free from exchange risk;
- Exempt from Indian wealth and income taxes;
- Carry interest rates of 7.75 per cent (US\$), 8 per cent (Sterling) and 6.25 per cent (Deutschmark).

That bond issue sought to raise US\$ 5-6 billion, compared with India’s total foreign exchange reserves at that time of US\$ 24 billion. While part of the money is kept abroad, much is used to fund infrastructure projects. In addition, there is a range of schemes to attract deposits from Indians abroad. In the Middle East, where there are 2.5 million Indians living and working, there are non-resident accounts available at local bank branches.

Pakistan, too, has developed a package of measures to attract remittances from overseas citizens through official channels as opposed to the *Hundi* system. This has partly also been an attempt to overcome the suspicions of overseas Pakistanis caused by corruption and inefficiency in the Pakistani banking system and the government’s short-lived decision in 1999 to freeze foreign currency accounts (*Pakistan Economist*, 13-26 March 2000). The Ministry of Finance has introduced a Foreign Exchange Remittance Card (FERC) if US\$ 2,500 are remitted through official channels and entitles holders to the free issuance and renewal of passports, duty-free allowances etc. (*Asian Migration News*, 31 August 2001). A different range of privileges is available to those remitting larger sums annually.

In the Philippines a number of incentives are given to overseas workers to remit and spend their foreign earnings at home. The *Balikbayan Program* contains a number of measures such as granting Overseas Foreign Workers (OFWs) permission to spend up to US\$ 2,000 in tax-free stores within two weeks of coming back to the Philippines (*Asian Migration News*, 31 October 2000). The government issues small denominational treasury bonds to mobilize dollar remittances from OFWs (*Asian Migration News*, 31 March 1999). There has been government action to establish Filipino banks in main destinations to facilitate the capture of remittances (*Manila Chronicle*, 28 May 1995).

Governments in Asia have made only very limited attempts to channel remittances into productive investment. Athukorala (n.d.: 9) has indicated that such policy initiatives have taken two forms – business counselling and training, on the one hand, and training cum action programmes to turn return migrants into entrepreneurs, on the other. In relation to the first type, he discusses programmes in Thailand, Pakistan, the Philippines and Sri Lanka and, regarding the second, programmes in Sri Lanka, the Philippines and in Kerala, India, are examined. However, efforts in these areas remain very limited.

MOBILIZING THE DIASPORA

Although some countries have had substantial diasporas for a long time, in the contemporary globalizing world environment more countries have significant numbers of their current and former citizens living outside their borders. This has assumed such proportions that social scientists argue that for many nations it is impossible to come to a comprehensive understanding of their contemporary society without consideration of their diaspora. Two major questions arise here:

- To what extent should the diaspora be considered part of the nation and included in national activities? Should there be efforts to enhance the identification with the home country?
- To what extent should the origin country pursue policies that take advantage of the diaspora to advance national economic, social and cultural interests?

The focus here is especially on the latter issue and particularly in relation to the possible role of the diaspora in fostering economic development in the origin nation. While some traditional emigration countries, such as Italy, have long had policies and programmes for expatriates living overseas, it is only in relatively recent years that there has been major consideration given to the possibility that these activities could be more than the maintenance of culture and a significant part of the economic development strategy of the origin country. Indeed, the World Bank is now examining in a substantial way how emigration can be beneficial to the development of poorer and less developed nations (Lucas, 2003). Globally there is an emerging awareness and appreciation “that a highly skilled diaspora may play several important roles in promoting development at home” (Lucas, 2001: i). This has been achieved through remittances and providing a source of foreign investment, especially investments which generate employment. Moreover, they can “act as middlemen, enhancing information flows, lowering reputation barriers and enforcing contractual arrangements, resulting in an expansion of capital inflows from foreigners as well as from the diaspora and of trade links too” (Lucas, 2001: i).

How are diaspora of Asian countries being mobilized to assist in the development of the countries of origin?

- Remittances now represent a more reliable and larger source of development funds to less developed countries than either FDI or FDA, and are estimated to amount to over US\$ 100 billion annually (*Migration News*, April 2001). For some countries (e.g. Philippines, Sri Lanka), remittances exceed the value of exports of goods

or services. Several countries are looking at ways to capture more foreign exchange from their diaspora by offering preferential banking treatment, high interest rates, etc. (Hugo, 2003b).

- The diaspora can be both a direct source of FDI and effective “middlemen” to channel FDI towards the home country. Biers and Dhume (2000: 38) report that “several overseas Indians who had reached upper management positions in Western Multinationals helped to convince their companies to set up operations in India. Hewlett Packard, being a prime example”. However, cases *par excellence* here are the Chinese mainland and Taiwan where the spectacular economic growth of recent years has been heavily influenced by investment from a diaspora of perhaps 30 million overseas Chinese (Lucas, 2003). There has been considerable discussion of how Chinese businesses and social networks have overcome barriers to international trade. Rauch and Trindade (2002) found that ethnic Chinese nationals have a quantitatively important impact on bilateral trade. Rubin (1996) has shown how Chinese entrepreneurs in the United States are taking their businesses into China. The Indian diaspora, second in size only to that of China, is of around 20 million people with an income of US\$ 160 billion – more than a third of India’s GDP (Sharma, 2003: 29). However, it has not been mobilized as effectively as the Chinese diaspora, contributing only 9.15 per cent of US\$ 4 billion FDI compared with half of China’s US\$ 48 billion. The Indian government is now developing a programme to (Sharma, 2003: 32):
 - Attract back expatriates;
 - Heighten their cultural attachment through events;
 - Attract their investment and remittances;
 - Develop new markets for Indian goods;
 - Equip Indian companies with management expertise.

In 1992 an expatriate Indian set up *The Indus Entrepreneurs*, a non-profit support network to provide advice, contacts and funding for entrepreneurs from India, Pakistan, Bangladesh and Sri Lanka in the United States. In 1998 it was extended to entrepreneurs setting up in India (Burns, 2000: 56).

The NRI community is not only a major source of remittances but also of substantial investment in India, as Table 4 shows, and has been instrumental in overseas companies in which NRIs are involved in establishing significant economic activity in India. While in 2002, PIOs provided 9.15 per cent of Foreign Direct Investment in India, the Indian government is attempting to greatly increase the flow of PIO investment into Indian businesses and infrastructure. A series of initiatives are designed not only to increase the inflow of foreign exchange from expatriates but also to (Sharma, 2003: 29-32):

- Use their expertise, advice and ideas to better equip Indian companies;
- Create opportunities for overseas Indian companies;
- Get Indian products into new markets;
- Attract FDI and venture capital.

However, there is a need to overcome some resentment among overseas Indians who feel that they are being neglected by the Indian government and that the government is only interested in extracting their money (Sharma, 2003; Abraham, 2001).

The diaspora can be a bridgehead leading to the expansion of economic linkages for the home nation. Korean Americans were the bridgeheads for the successful penetration of the US market by Korean car, electronics and white goods manufacturers. Canadian-based studies have shown that a doubling of skilled migration from Asia saw a 74 per cent increase in Asian imports to Canada (Head and Reis, 1998; Lucas, 2001).

Diaspora networks have become important in transmitting information both formally and informally. Lucas (2001: 22) has shown how professionals in countries of origin and destination have maintained strong linkages so that ideas flow freely in both directions. In Taiwan, meetings of local and diasporic scientists are held. In the scientific world, flows of information are of utmost significance and it may also be that diaspora can play a role in technology transfers. The potential for such interaction to accelerate the diffusion of new ideas, products, processes etc. is considerable. Undoubtedly, the ethnic linkages between Taiwan and India with Silicon Valley have had a major impact on the development of information technology in the home countries and regions (Saxenian, 1999).

Hence, there are a number of ways in which the diasporas can have an impact on economic development in Asian countries. The important issue is the extent to which government policy can assist in encouraging such developments. There are specific policies and programmes that can be utilized to encourage the diaspora to link with development-related activities in their home nations. However, part of a diaspora policy has to involve some means to maintain the identity of the diaspora with the home community. This is not a trivial issue. In some cases there may be a certain degree of resentment among the diaspora who may have the feeling of being a forgotten or overlooked part of the nation. One way of maintaining identity is through the growth of a myriad of expatriate organizations and associations. Several countries have policies and programmes that assist these developments, and they can play an important role in the operationalization of the types of programmes mentioned above. The fact that most expatriates are online means that modern forms of commu-

TABLE 4
NON-RESIDENT INDIANS AS A SOURCE OF FOREIGN INVESTMENT,
1983-2002

	India's Total Foreign Investment Approvals (US\$ Mio)	Total Foreign Direct Investment from PIOs (Rs Mio)	Share by NRIs (%)
1983	61.3	—	10.5
1984	99.5	—	13.0
1985	101.9	—	15.1
1986	84.8	—	7.4
1987	83.1	—	19.3
1988	172.2	—	7.4
1989	195.1	—	6.7
1990	73.3	—	4.1
1991	234.9	1,602.5	3.7
1992	1,267.2	1,496.6	11.6
1993 (Jan-May)	1,046.9	5,604.5	5.6
1994	4,526.8	11,185.4	—
1995	11,750.7	19,705.6	—
1996	11,643.1	20,620.4	—
1997	11,460.4	10,396.2	—
2002	88.2		9.15

Source: *Far Eastern Economic Review*, 26 January 1995: 51; PIO website: www.indiandiaspora.nic.in; Sharma, 2003: 29; www.indiaonestop.com/economy-fid.htm.

nication can be used to strengthen such organizations. Modern communication and information technology greatly facilitates networking, therefore the possibility of developing registers of expatriates is a real and economic proposition. The privacy factor is very important and registration should be voluntary. There can be deep suspicion about such registers, especially where one of the motivations to emigrate was to flee the influence of totalitarian governments, and if it is felt that governments are simply seeking to tax their diaspora. All of these considerations need to be taken into account.

Another issue relating to a register of expatriates concerns protection. Following the events of 11 September 2001 and the Bali bombing of 2002, governments have been criticized for their failure to contact expatriates and inform them of impending threats. For instance, the consulate of Japan in New York “was widely condemned

for taking too long to determine how many Japanese nationals were killed or injured in the attack and for failing to supply emergency information and help to some of the Japanese citizens living in and around New York” (*Far Eastern Economic Review*, 10 April 2003). Accordingly, in 2004 Japan will be setting up a new consular affairs agency to help keep track of Japanese living abroad and to keep them informed during crises. Pakistan has a computerized National Identity Card for Overseas Pakistanis (NICOP), which is mandatory for all Pakistanis living abroad for more than six months (*Asian Migration News*, 16-30 April 2003).

One of the most substantial attempts to tap a diaspora for the benefit of the home country/region was launched in Taiwan (O’Neil, forthcoming; Luo and Wang, 2001). For several decades Taiwan has been a case of brain drain *par excellence*. It is estimated that in the two decades beginning in the mid-1960s, 20 per cent of Chinese undergraduates in science and technology in Taipei (Taiwan) went abroad for higher education, but that fewer than a fifth returned (Luo and Wang, 2001: 5). The government subsequently took a number of initiatives to use the talents of overseas Chinese from Taiwan (predominantly in the United States) and to encourage return migration. These include:

- The use of formal and informal connections to draw on the expertise and business connections of overseas Chinese from Taiwan, encouraging their visiting Taiwan and interaction with colleagues there.
- To track migrants in a database.
- An explicit attempt to build a “transnational community” with expatriate scientists and engineers deliberately brought back to attend meetings and conferences sponsored by the government.

In South Africa, a network (The South African Network of Skills Abroad – SASA) was established to connect expatriates with local experts and projects (OECD, 2001: 25). The network is built on a database containing information on the location, qualifications and other characteristics of highly qualified South Africans living abroad. Participants can take part in the network by:

- Receiving South African graduate students in laboratories or training programmes;
- Participating in training or research with South African counterparts;
- Transferring technology to South African institutions;
- Transmitting information and results of research that are not available locally;
- Disseminating cultural and artistic creation;
- Facilitating business contacts;
- Initiating research and commercial projects.

An essential part of a diaspora policy is the development and enhancement of a series of networks, which link elements in the diaspora with relevant groups in the home nation. However, there is also a need for government involvement to emphasize opportunities for the diaspora and not to focus on, or be associated with, compliance, taxation and exploitation. The government's role should rather be one of facilitating and enhancing the networks that have already developed.

POLICIES ENCOURAGING RETURN MIGRATION

One of the enduring features of any diaspora is the wish to return to the homeland, although its incidence varies greatly. There can be significant dividends to the home country if expatriates return, especially when they are highly skilled in areas in demand in the local labour market and have expanded their knowledge and experience while overseas and return with a network of overseas contacts that can benefit their work at home.

There is a substantial body of literature on return migration, and studies of diasporas indicate an often high interest among many expatriates to eventually return to their home country. Indeed, return is often seen as the conclusion to a successful migration. A recent study of Australian expatriates found that more than half had definite intentions to return and only 16 per cent had definitely decided not to return (Hugo, Rudd and Harris, 2003). However, those desires are not often realized and there is a role for policy to facilitate and encourage return migration by removing some of the barriers or constraints to such movement.

There is very limited global experience of government policies and programmes to encourage return migration (Hugo, 1996). Most attempts to encourage return migration have come from Asian countries. Not all have been successful. Malaysia is a rapidly growing economy with a diaspora of 250,000 skilled workers overseas (Jayasankaran, 2003: 58). In 2001, the government initiated a substantial scheme offering tax exemptions on income remitted to Malaysia and on all personal items brought into the country, and granting of permanent resident status to spouses and children. They targeted six key fields: information and communications technology, manufacturing industries, science and technology, arts, finance and medicine, especially in the UK, US, Singapore, Brunei, Hong Kong and Australia (*Asian Migration News*, 16-30 November 2002). In the first two years of the programme, only 104 expatriates actually returned home (*Asian Migration News*, 1-15 January 2003). In China it is estimated that since 1979 around 400,000 have travelled abroad for graduate studies, but less than a quarter returned. While there is a national policy to attract back skilled expatriates to individual Chinese provinces, companies and development parks also offer a range of incentives to return, including equivalent salary packages taking into account purchasing power, expenses-paid trips to China etc. (*Asian Migration News*, 16-30 November 2002). The Chinese government programme offers high salaries, multiple entry-exit visas and access to strictly controlled foreign exchange (*Asian Migration News*, 16 August 2001). Some countries have invited home particular expatriates who are perceived as critical to home development. A case in point are former key officials from the IMF/World Bank who have been

attracted back to Pakistan, India, Philippines, Indonesia, Cambodia, Hong Kong, Singapore and South Korea (*Far Eastern Economic Review*, 5 December 1996: 61).

Table 5 demonstrates how individuals with a key role in the development of Asian countries have been “head-hunted” from the diaspora:

Korea, Taiwan and to some extent the Chinese mainland (Engelsberg, 1995) have initiated programmes to encourage a reverse brain drain (Chang, 1992; Hugo, 1996). In the first two there was a subsequent increase in the number of returns (Yoon, 1992), although it is not clear to what extent this was owing to the programmes and how much a result of rapid economic development in Korea and Taiwan (Lucas, 2001: 41). Saxenian (1999: 59) points out that some of the advantages flowing from these activities was an increase in interaction between Chinese from Taiwan and Korean scientists and engineers with expatriate colleagues in the United States, facilitating knowledge transfer, investment and business cooperation (Lucas, 2001, 42). It may be that policies should be as much interested in encouraging “brain circulation” between Asian countries and their diaspora as encouraging permanent return. Indeed, the encouragement of such interaction could itself act to promote the return of expatriates.

In Asia, Taiwan has had one of the most comprehensive reverse brain drain programmes. The following are some of the initiatives taken by the government:

- The advertisement of jobs overseas where it is known that Chinese from Taiwan with relevant skills live, and the offer of travel subsidies and temporary job placements to returnees.
- A programme to recruit expatriates for Taiwan’s growing universities.
- The development of the *Hinschu Science-Based Industrial Park (HSIP)* in 1980 to duplicate a Silicon Valley situation. The government provided financial incentives and planned infrastructure to companies relocating to, or forming in, the area. Subsidized western-style housing and commercial services were provided to attract Chinese from Taiwan living overseas. The government sponsored international conferences on science and technology to give HSIP workers access to the international scientific community.

While it is difficult to assess the role of these initiatives in the massive economic growth of Taiwan in the last two decades, it has undoubtedly played a role. The “reverse brain drain” is a common term in Taiwan, and the 1990 census indicated that around 50,000 highly skilled expatriates returned to Taiwan during the 1985-90 period (Tsay and Lim, 2001). Another important group are (...) “temporary returnees”

TABLE 5
PROMINENT OFFICIALS OF IMF/WORLD BANK
ATTRACTED BACK TO THEIR HOME COUNTRY

<p>PAKISTAN</p> <ul style="list-style-type: none"> ● Sahid Javed Burki: Senior adviser to the interim prime minister on finance, planning and economic affairs. On leave from the World Bank, where he is vice-president for Latin America. ● Mohammed Zubair Khan: Commerce minister in the interim government. Formerly economist at the IMF. ● Moseen Qureshi: Interim prime minister, 1993. Formerly senior vice-president of operations at the World Bank. ● Mahbub ul Haq: Was finance minister under President Zia-ul-Haq. Formerly director of the policy planning programme review at the World Bank. ● Muhammad Yaqub: Governor of the State Bank of Pakistan. Formerly adviser in the Middle East department of the IMF. 	<p>INDIA</p> <ul style="list-style-type: none"> ● Montek Singh Ahluwalia: Finance secretary. Formerly senior economist at the Development Research Centre of the World Bank. ● Shankar Acharya: Chief economic adviser to the Finance Ministry. Formerly with the World Bank. ● Ashok Mitra: Member of parliament for the Communist Party of India (Marxist). Formerly professor at the World Bank's development institute. 	<p>CAMBODIA</p> <ul style="list-style-type: none"> ● Naranhidol Tich: Briefly senior adviser to First Prime Minister Norodom Ranariddh in 1993. Formerly division chief of the IMF.
		<p>HONG KONG</p> <ul style="list-style-type: none"> ● Andrew Sheng: Deputy managing director of the Hong Kong Monetary Authority. Formerly manager of financial-sector development at the World Bank.
	<p>PHILIPPINES</p> <ul style="list-style-type: none"> ● Roberto de Ocampo: Secretary of finance. Formerly senior loan officer for Europe, Middle East and North Africa at the World Bank. 	<p>SINGAPORE</p> <ul style="list-style-type: none"> ● Teh Kok Peng: Deputy managing director of the Monetary Authority of Singapore. Formerly economist at the World Bank.
	<p>INDONESIA</p> <ul style="list-style-type: none"> ● Ariefin Siregar: Ambassador to the U.S. Was governor of the central bank. Formerly senior economist at the IMF. 	<p>SOUTH KOREA</p> <ul style="list-style-type: none"> ● Cho Yoon-je: Senior counselor to the Finance Minister. Formerly with the World Bank. ● Suh Sam-shul: Former minister of energy; assassinated in Jeonju, 1983. Formerly manager at the World Bank.

Source: *Far Eastern Economic Review*, 5 December 1996: 61.

or “transnational workers” (...) who work on both sides of the Pacific (and) play the role as the middlemen linking businesses in the two regions together with their personal networks, technological and market know-how (Luo and Wang, 2001: 6).

There would seem to be scope for the introduction of programmes that facilitate and encourage the return migration of Asian expatriates with skills and experience deemed to be of national importance. It would seem, however, that here the role of government, as is the case in encouraging the diaspora to be more involved in development efforts in the home country, is one of facilitation and removal of obstacles to return rather than one of major interventions. It can build on the wish of many to return to their home country. Certainly there may be scope for a government programme to provide some assistance to institutions and businesses that can make a strong case for the “bringing home” of absolutely outstanding expatriate scientists, innovators, business people, etc. This should not amount to subsidizing normal head-hunting activities, but should rather be reserved for truly outstanding individuals who will make a major contribution to the local economy and society.

There is a need to investigate in some detail the “transaction costs” of returning to the home country so that returnees are not excessively taxed on their accumulated wealth. Such programmes must ensure that returnees are able to accede to jobs that are fully commensurate with their talents; in other words, there must be suitable jobs for them to come back to.

A crucial question here relates to how such potential returnees might be identified. Increasingly, it could be argued that countries are considering maintaining registers of skilled workers overseas to facilitate programmes targeted at bringing back people with particular skills and expertise. Indeed, many Asian countries have kept such registers of their graduates working overseas and worked through their embassies to maintain contact with them. This involves newsletters and the organizing of social events. With current levels of information technology available, however, a number of possibilities suggest themselves. One offering a great deal of potential are alumni lists maintained by tertiary institutions. While in the past many such lists were poorly organized and maintained, this has changed as universities realized that alumni could be a source of future students and funds. Accordingly, most universities now maintain well constructed electronic databases on their alumni. These could be used to set up networks, perhaps even via the Internet. The development of attractive and informative websites, regular networking among expatriates, in particular in overseas cities, etc. are all possibilities worth investigating.

The United States plans a special census of its overseas citizens in 2004, and by 2010 it intends its regular census to include not only all the residents in the US, but

also all its citizens abroad. This reflects the interest for the census to capture total national human resources, and some countries could consider introducing a similar system. Other systems include the registration of expatriates overseas with their nearest consulate or embassy, and the development of a central system for such registers using state-of-the-art information technology. It needs to be made clear that the inclusion in such a list should be voluntary, and that it is worthwhile for expatriates to be registered. The regular dissemination of a magazine, invitations to social events overseas, regular circulars about job and housing opportunities etc. could be included.

CONCLUSION

In the contemporary global situation, national prosperity is highly dependent on innovation and the quality of a country's human resources. Consequently, there is now unprecedented competition among nations to attract highly skilled workers as permanent or temporary settlers. In this process, less developed nations are experiencing a significant net migration loss of young, well-educated and skilled nationals. Emigration has become a more significant issue in discussions focusing on development in less developed contexts. In 1996, a United Nations (2002: 19) survey found that 30 per cent of 145 less developed countries completing their questionnaire on population policy considered emigration from their country as too high. By 2001, the same survey found that the proportion had fallen to 23 per cent. This may be an indication that some nations are realizing that the impact of emigration is more complex and advanced than that depicted in most brain-drain scenarios. This is not to say that negative effects from the loss of human resources did not exist; indeed they do, and their severity varies between countries. This study has pointed to some of these complexities and demonstrated that in the contemporary globalizing world, diasporas are not only growing substantially in size but also that their potential impacts in their home countries go far beyond the usual depiction of being unambiguously economically harmful (Glass and Choy, 2001). Indeed, the analysis presented here would suggest that while policies and programmes to stem the brain drain do have an important role to play in less developed countries, it is at least equally important to recognize that some outflow of young skilled people is inevitable, but that there are also ways in which this outflow can be harnessed to the benefit of economic and social development in the home country. This can be achieved via:

- Enhancing the flow of remittances from expatriates and internal labour migrants;
- Facilitating the return of expatriates to bring back their enhanced skills and experience;
- Developing innovative approaches to better incorporate the diaspora into the mainstream of national life, as well as to develop their potential economic, social, political and cultural contribution to their home country.

It is important to stress, however, that our understanding of the linkages between migration and development remains very partial. We need a much more sophisticated knowledge of emigration and its impacts and how this is mediated by a range of contextual, cultural, individual and migration-related elements. Only then can policy makers be provided with the knowledge to develop strategies to maximize the beneficial dimensions of south-north migration and to minimize its harmful effects.

RECOMMENDATIONS FOR FURTHER RESEARCH

The present paper has shed some light on the complex relationship between migration and development. It focused on permanent or temporary emigration from many Asian countries and on some of the effects of international migration. However, our knowledge in this area remains quite partial. While it has been possible here to question the traditional brain drain interpretations of the impacts of emigration in countries of origin as being solely negative, our knowledge of the positive effects of the movement remains limited. If policy interventions are developed to enhance the positive impacts of emigration, they must be based on a more detailed and comprehensive research base. The following research priorities would appear to be important in this regard:

- There is a need for more detailed empirical studies of diasporas, and on how they are formed and operate from the perspective of their impacts on less developed nations of origin. They need to be based on a range of methodologies involving both representative surveys and detailed qualitative case studies. Although there are many studies of diasporas, they tend to focus on issues such as identity and adjustment to the origin rather than their current and potential role in development in the country of origin.
- Further research on remittances is required. This involves more sophisticated measurements of the scale and especially the real impacts and effects of remittances in the home region. Policy initiatives to reduce the transaction costs of both migration and remittances are also sorely needed.
- There is a need for thorough case studies of successful and unsuccessful attempts to mobilize a diaspora for the benefit of development in the home area. These studies need to distil the general lessons to be learned from the specific cases.
- A study of the development of expatriate organizations should be undertaken, as these clearly have a key role in any efforts to mobilize the diaspora to facilitate development in home areas.
- Thorough studies of return migration are needed to identify the triggers and processes that encourage or discourage such movements. An important part of such studies would be to identify possible areas for policy intervention to facilitate return migration.
- The nature of the networks maintained between the origin and the diaspora is not well understood and studies into such linkages are necessary. Again, the emphasis should be on the nature of the interventions required to strengthen these networks and to develop them in such a way to ensure their positive developmental impacts.
- Another study should focus on how diasporas could be encouraged to invest in developmental activities in home countries. Case studies of successful programmes in countries such as China would be essential here.

ENDNOTES

1. Throughout this study, Taiwan refers to the Taiwan Province of China.
2. Throughout this study, Hong Kong refers to Hong Kong Special Administrative Region of China.

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The present paper seeks to demonstrate the ways in which international migration can and does impinge on development in receiving areas. In doing this, it focuses on examples taken from the Asian region, although the lessons are applicable to other regions as well.

Much of the literature on the impact of migration on development has centred around the issue of brain drain and there can be no doubt that a considerable net outflow of highly educated people from less developed to more developed areas has indeed occurred, and that in some cases this has had deleterious consequences on local development. However, recent research shows that the consequences of the outflow of human capital for less developed countries are more complex.

The paper shows how several Asian countries have been able to mobilize their diasporas to benefit development in the countries of origin.

