II. Issues underlying Policy Responses in Countries of Origin and Destination

Policy-makers in both countries of origin and of destination have to devote careful attention to a number of underlying broader issues when crafting appropriate policies. This section highlights some of these issues, which also reflect the complexity of the labour migration phenomenon. While these issues necessarily differ because of the different labour migration dynamics taking place in origin and destination countries, some are common to both sets of countries, such as the concerns relating to the protection of migrant workers and the need for inter-state cooperation, particularly with a view to preventing or reducing irregular migration.

The differential and often discriminatory impacts of legislation, policies and programmes on different groups of women and men migrant workers also need to be addressed to ensure mutual gains from migration (ILO, 2003b: 1).

II.1 Countries of Origin

Countries of origin range from those that are experiencing a migration transition, characterized by both labour inflow and outflow, established labour sending countries to those that are relative newcomers to organized labour migration. Nevertheless, as countries of origin they all face some common issues. Briefly, these are:

- Challenges in protecting migrant workers from exploitative recruitment and employment practices and in providing appropriate assistance to migrant workers in terms of pre-departure, welfare and on-site services.
- Challenges in optimizing benefits of organized labour migration, particularly the development of new markets and increasing remittance flows through formal channels, as well as enhancing its development impact. At the same time mitigating the adverse impact of the emigration of skilled human resources.
- Building institutional capacity and inter-ministerial coordination to meet labour migration challenges.
- Increasing cooperation with destination countries for the protection of migrant workers, access to labour markets and the prevention of irregular migration.

Faced with these migration challenges, countries may respond with a set of policies, structures and procedures that seek to protect their migrant workers and facilitate orderly migration.

II.1.1 Protection of migrant workers and support services

Given, that, due to structural reasons (including poverty, unemployment and large wage differentials between countries of origin and destination), the supply of workers in lower skill sectors far outstrips the demand and that there are far more workers wishing to work abroad (to earn a livelihood and pursue a perceived better life) than there are jobs, migrant workers can be vulnerable to abuses during recruitment, travel and employment abroad. A common problem faced by many migrant workers worldwide is high migration costs as a result of excessive (and mostly illegal) intermediation fees. In addition, there are problems occur-

ring in the country of employment: those most commonly cited by migrant workers and countries of origin are contract substitution and violations, lack of, reduced, or late payment of agreed wages and non-fulfilment of return air fare obligations, and harassment by employers of female workers (IOM, 2003b). Other problems include poor working conditions, virtual absence of social protection, denial of freedom of association and workers' rights, discrimination and xenophobia, as well as social exclusion.

These developments erode the potential benefits of migration for all parties, and seriously undermine its development impact. Migrant workers can realize their potential and make the best contribution when they experience decent working conditions, and when their fundamental human and labour rights are respected. All countries of origin need to have in place policies, legislation and mechanisms that afford their citizens protection and support from abuses in the labour migration process.

II.1.2 Optimizing the benefits of organized labour migration

An increasing number of developing countries and countries with economies in transition seek to adopt policies, legislation and structures to promote foreign employment of part of their workforce and generate remittances, while providing safeguards to protect their migrants. While job creation at home is the first best option, an increasing number of countries see overseas employment as a part of a national development strategy to take advantage of global employment opportunities and generate foreign exchange.

For countries seeking to promote foreign employment, labour migration policy necessitates adequate emphasis on the promotion and facilitation of managed external labour flows and should not be limited to the regulating and protecting function of the State.

While respecting the freedom of movement and right of its citizens to seek employment abroad, countries of origin wish to retain their skilled human resources, in whom they have invested. Steps can be taken in this regard.

Finally countries of origin have an interest in discouraging irregular migration (while advocating an increase in legal avenues for labour migration). Irregular migrants are more vulnerable to abuse.

II.1.3 Institutional capacity building, inter-ministerial coordination and inter-state cooperation

The policy objectives of protecting citizens while working abroad and optimizing the development benefits of labour migration, can only be met if two important elements form a part of the plan.

First, countries must establish the necessary institutional capacity and inter-ministerial coordination to meet their policy objectives. This includes giving due priority to labour migration in terms of overall development, foreign policy, and resource allocation.

Second, inter-state cooperation is essential. Despite all the efforts made by labour-sending countries to protect migrant workers, migrant workers continue to ex-

perience numerous problems in destination countries, particularly vulnerable groups such as female domestic workers, entertainers and lower skilled workers. There are clear limits to what a state can do to protect its migrant workers without the active cooperation of destination countries. In addition to protecting and ensuring the welfare of migrant workers, inter-state cooperation is essential in expanding organized labour migration and curbing irregular movement.

II.2 Destination Countries

The issues underlying policy responses in OSCE destination countries regarding the admission of migrant workers relate to

- detection, assessment and prediction of labour shortages, at the national level, for both skilled and less-skilled employment.
- analysis of the national labour market in order to understand whether labour migration can provide a solution, in part or in full, for adverse demographic trends, particularly the decline in working populations, and the subsequent impact on the availability of social welfare benefits for future generations.
- protection for the national workforce in the event that more labour migration is admitted into the country.
- measures to be put into place to avoid exploitation of migrant workers in the workplace and society in general.
- measures to prevent or reduce irregular labour migration, which are essential for the legitimacy and credibility of a legal admissions policy.

Admission of foreigners into the country often gives rise to unwarranted concerns and exacerbates social tensions, particularly in a less secure economic climate, which may be expressed in racial discrimination and xenophobia amongst the host population. Politicians and policy-makers face a sensitive and challenging task in convincing and educating national populations on the need for foreign labour.

II.2.1 Detecting, assessing and predicting shortages of labour[1]

Regardless of the type of labour migration system used in a particular country, its fundamental *raison d'être* is to address a perceived labour shortage. Accordingly, the starting point for any comparative analysis of migration systems has to include an evaluation of how such labour shortages are detected, assessed and predicted, as the perceived importance and duration of a labour shortage motivates authorities to introduce a labour migration system. This section reviews some of the data sources on which labour shortages are measured in selected countries and also the findings of such data sources.

Generally speaking, labour shortages are difficult to forecast: the European labour market needs, for example, are currently determined in a number of different ways. It is quite possible for shortages to exist in one sector of an economy, or even in specific occupations, while overall unemployment is high. However, when assessing the tightness of a labour market, it must be recognized that conventional sources of information have their limitations. Specifically, *employer reports and surveys* have to be treated with caution, as they focus on recruitment difficulties and not necessarily on labour shortages per se. On the other hand, *sectoral and occupation-specific studies* are much more precise snapshots of the current situation, but are limited in their ability to make accurate predictions on economic expansion or contraction and on related labour demand. Consequently, in addition to employers' reports and sector-specific studies, this section also reviews occupation or sector-specific unemployment rates and macro-economic studies carried out by some European countries.

Although some private sector employers may have definite opinions on this topic, they are frequently biased by their somewhat narrow assessment of data concerning the labour market or vacancies, and they tend to articulate views that reflect their immediate business interests. Moreover, businesses often take corrective action themselves by adjusting production, or by modifying their minimum hiring qualifications when faced with a shortage of qualified workers. Accordingly, they may not report a shortage of workers in

their industry. Therefore, rather than solely relying on data supplied by employers, it is usually a better strategy to assess the tightness of labour supply by comparing actual employment rates with structural unemployment as labour market rigidities can themselves be a major cause of persisting unemployment combined with wage inflation.[2]

Unfortunately, information on structural unemployment is not readily available. An alternative reliable indicator is to analyze unemployment rates in relation to vacancy rates for a particular field. For example, France publishes an occupational job seekers ratio, which is defined as the ratio of the number of people seeking employment in a specific occupation to the total number of both job seekers and employed workers in that particular occupation. This ratio, which was designed to provide a disaggregated measure of the tightness within the various labour markets, indicates, for example, that tightness has increased in the French construction and mechanical industries' labour markets (France, 2001).

A similar instrument has been launched in the United States. The US Bureau of Labour Statistics now publishes data under its Job Openings and Labour Turnover Survey (JOLTS) programme that provide demand-side indicators of labour shortages at the national level. The JOLTS programme collects information on the availability of unfilled jobs, which is an important measure of the tightness of labour markets and is a parallel indicator to more general measures of unemployment.

As the problems associated with an ageing working population loom larger (Section II.2.2 below) a number of European countries have commissioned *macro level studies* in order to evaluate current labour shortages. These studies estimate the availability of unused labour among the native and immigrant inactive and unemployed populations, as well as the long-term need for migrant workers. The findings of these research projects generally conclude that immigration can actually have long-term welfare-enhancing effects. Furthermore, such studies also tend to assign a high priority to efforts to mobilize the resident labour supply and to integrate the foreign population into the labour market. In Germany, similar research led to the introduction of an entirely new immigration law (Süssmuth, 2001). Some of its provisions include an adjustable migrant selection mechanism that rewards human capital, as well as mechanisms for attracting highly skilled workers.

Conversely, studies outside of Germany have generally not focused on the need for facilitating selective immigration through new laws, although this will soon change in the United Kingdom with the Government's announcement of a new points-based migration system (Textbox VI.7). Nonetheless, such research is still often based on the idea that immigration might alleviate labour market tightness. For instance, the UK Home Office (Interior Ministry) utilizes existing surveys and data in order to identify and evaluate current and future labour market shortages, and to ultimately assess labour demand and skill needs (Department for Education and Employment, 2001). Moreover, in the UK, evidence of labour market tightness is documented before a decision to facilitate the immigration of persons with a particular set of occupational skills is taken and implemented.

Even though such macro-economic studies may help to ascertain the overall positive effects of migration, or to establish the consequences of ageing and the expected effects of raising participation rates and lowering retirement ages on labour supply, they are still unable to calculate how many migrants could and should be recruited into a country in order to meet labour market needs. Moreover, macro-economic studies generally cannot predict the time during which such identified labour needs will last.

Answers to such questions are best sought by analysing *sector level labour market developments or changes within specific occupations.* Studies like these often try to determine the severity of current labour market tightness and how the situation may change in the near future. Various studies dealing with the shortages in the information technology (IT) sector are examples of this type of research (UK, 2004; Rollason, 2003: 136-137). However, such studies generally do not provide any assessment of the need for labour migration, nor do they refer to migration policies.

Nevertheless, occupational level projections are generally much more detailed than macro-economic

studies, and are valuable in assessing labour market trends. These kinds of projections can be broadly categorized into two groups. The first are the numerous studies that project employment growth, either for two, five or ten years ahead, but which do not provide any indications regarding labour shortages. An example of such research is the *Occupational Outlook Handbook* published annually by the Bureau of Labor Statistics in the US Department of Labor (US, 2006). The second category of projections comprises reports advising and informing college graduates on labour market prospects. When well done, such surveys are particularly useful for attempting to forecast labour market tightness.

II.2.2 Demographic factors[3]

The demographic deficit, particularly in European countries, and the resulting need for perhaps a significant influx of migrant labour, including employment-related immigration for permanent settlement in these countries to replenish populations and maintain the current level of the workforce with a view to ensuring continued economic growth and support for pension and social security systems, has been well documented in recent reports by the Global Commission on International Migration (GCIM: 2005:13-14) and the ILO (Textbox II.1).

TEXTBOX II.1

The Demographic Deficit

There is a contrast between the ageing populations of the more developed countries and the more youthful populations of developing countries. Although populations are ageing to some extent almost everywhere, the process is more advanced in Europe and Japan, with fertility so low that deaths exceed births. On present trends, between 2000 and 2050 the population of Italy, for example, is projected to decrease by 22 per cent – and while Estonia and Latvia expect decreases of 52 per cent and 44 per cent respectively. Low fertility and rising life expectancy mean that, for Europe as a whole, the proportion of the population older than 65 years of age will rise from 15 to 28 per cent between 2000 and 2050, and in Japan from 17 to 36 per cent.

Source: ILO (2004: 14, para. 48).

TEXTBOX II.2

Demographic Decline and Migration in the Russian Federation

Russia is interested in the admission of migrants for a number of internal reasons. Firstly, there are *demographic* reasons, i.e. the abrupt reduction in the population, especially of persons of working age. In 2005, the population of Russia decreased by 615,500 persons. Under present migration rates, by the year 2050, the population of Russia may decrease to 100 million persons and the population of persons of working age would then decrease to 47.7 million. The number of persons older than 60 years of age will increase from 20 per cent in 2005 to 26 per cent in 2025. In 2005, migration compensated for only 12 per cent of the natural decrease of population, which is clearly insufficient for the stable development of the country. It will therefore be impossible for Russia to compensate its natural decline in population by means of migration alone, because, in order to do so, it would be necessary to admit about 800,000 migrants every year, which is unrealistic and would probably undermine the social, ethnic and cultural unity of Russian society. Consequently, immigration remains a major demographic resource for Russia and the efficiency of this resource depends directly upon the adoption of rational policies regarding the reception and integration of migrants.

Source: IOM Moscow (March 2006).

While demographic changes are expected to aggravate the tightness of labour markets in OSCE European countries as the size of the working population shrinks, increased migration is only one of a number of instruments policy-makers will need to consider to prepare for the decline in the working population. These policies could include increasing labour participation rates, particularly of women and lawfully resident migrants, and postponing retirement ages. Among these options, increased immigration has the immediate advantage of having a positive impact on the population's age and composition because economic migrants generally fall into the younger age brackets. However, migration policies can play only a limited role in addressing Europe's demographic challenges and merely complement other policies.

Furthermore, migration policies have historically been subject to a number of practical and political constraints (OECD, 1991). Indeed, when attempting to utilize migration policies in order to address the shrinking working population in OSCE European countries, it is important to take into account the unrealistically (either politically or practically) high levels of immigration that would be needed to produce a noticeable impact on the structure of Europe's ageing population (UN, 2000a). It has been estimated, for example, that immigration levels would have to triple from 237,000 to 677,000 to maintain populations at their 1995 level in France, Germany, Italy and the UK, and indeed a considerably higher level of immigration would be needed (up to 1.1 million per year) to maintain the 1995 workforce and the dependence ratio.[4] Indeed, this potential need for large numbers of migrants to offset negative demographic trends is also recognized in the Russian Federation where a serious reduction in the population, particularly in persons of working age, has resulted in calls for a more open and rational migration policy (Textbox II.2). Despite these constraints relating to large-scale inflows, however, it is clear that immigration is part of the answer to the demographic deficit.

II.2.3 Rights of migrant workers

As noted above, protection of the rights of migrant workers is an important consideration for policy-makers in both origin and destination countries. However, it is also clear that protection of migrant workers' rights in the country of employment begins in the country of origin. The more migrant workers are prepared for work abroad, the more likely they will be able to enjoy appropriate protection in the destination country and to know about their rights. As discussed in some detail in Chapter I, these rights are protected under regional and international human rights law and international labour law, but they should also be protected by and effectively implemented under domestic law, including national labour legislation (Chapter VII).

II.2.4 Managing irregular migration

Policy-makers often argue that preventing or reducing irregular migration is essential for the legitimacy and credibility of a legal admissions policy and to obtain broad public acceptance for such a policy. As observed in Chapter VIII, irregular migration is undesirable for a number of reasons, including:

- exploitative and dangerous conditions in which irregular migrants work without access to the necessary social and legal protections;
- perpetuation of the informal labour market;
- potentially adverse impact on the lawful domestic labour force, in terms of poorer working conditions and lower wages;
- loss of tax revenue to the state;
- security issues involved in clandestine entry and in the existence of trafficking and smuggling networks facilitating the admission and employment of irregular migrants;
- potentially negative impact on external relations between origin and destination countries where large numbers of irregular migrant workers are concerned.

Consequently, a delicate balance needs to be sought between the adoption of measures to prevent and reduce irregular migration, including internal measures to address informal labour markets in destination countries, and the creation of additional legal channels for the admission of migrant labour into specific employment sectors where demands for labour can be effectively identified. Increasingly, the policy focus is on meeting such demands through the import of temporary migrant workers, although opportunities also exist in a number of OSCE countries for permanent labour migration, particularly for highly skilled workers. These are discussed in Chapter VI.

II.2.5 Attitude of the host population

Even when it can be established that migrant workers are clearly needed by the economy, policy-makers still face a hard task in convincing and educating the host population, particularly in countries where labour migration is a relatively new phenomenon. Therefore, reorienting migration policy towards lawful admission of migrant workers and regularization of irregular migrants already residing in the country creates new challenges in the social and cultural fields. According to IOM, based on sociological surveys, approximately one half of the Russian population is worried by the presence of migrants, and approximately one quarter of Russian citizens has a negative attitude towards migrants.

Given that there is an increasing 'cultural distance' between migrants entering the country and the Russian population (e.g. more migrants from small towns and villages; decrease in migrants' level of education; and increase in the number of migrants speaking Russian poorly and barely familiar with Russian culture), the attitude of the local population towards migrants is likely to worsen. Therefore, in addition to the provision of integration services for migrants (Section VII.3.2 below), other parallel programmes are also required for developing tolerance among the local population.[5]

ENDNOTES

1 This section is adapted from Lee (2004: 25-28).

2 Research on regular job vacancy surveys indicates that labour shortages are not necessarily cyclical phenomena and are instead believed to be caused by a variety of factors, while being relatively insensitive to short-term economic cycles. In Europe, recent labour market data indicate that labour shortages have not only become more and more acute over the years, but are going to remain in place despite the economic downturn that commenced in 2002. This will be particularly relevant in the service sector, which is frequently cited as an area where European firms have trouble in recruiting workers (OECD, 2003).

3 This section is partly adapted from Lee (2004: 27).

4 ILO (2004: 14-15, para. 49), citing UN (2003). The dependence ratio is the relationship between the number of number of elderly persons (i.e. over 65 years of age) and the number of persons of economically productive age (usually between 16-65) in the population.

5 Information provided by IOM Moscow (March 2006).