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Labor Migration as a Means of Development For Some Third World Countries

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Abstract
In the last few decades, more and more countries became highly dependent on exporting there highly skilled and educated labor force to other rich countries in an exchange for the remittances they will receive through the money the migrant workers will send to their families in form of foreign currency. Such countries consider such export as very essential element to implement local development plans. To evaluate such argument, three cases of labor exporting countries were examined (Yemen, Pakistan, and Jordan who export workers to the Arab Oil countries). The results indicated that, jobs and higher income were the main driving force behind migration, migrant workers in general spend most of their money on food, clothing, real estate, and building houses.

Key Words: Labor migration

Introduction

Through history, people used to migrate from one place to another. Such migration was voluntary and on individual bases, where they can live in the new country as local citizens live. Today, however, such migration becomes very complicated process and subjected to several laws and instructions from both sending and receiving countries. Thus, more and more government involvement started to take place on national and international levels.

In the New World System, each government should participate in the world market through exporting certain product in exchange for other imports or services. Yet, some developing countries do not have but their skilled labor as an export for rich countries. Furthermore, many developing countries consider such migration as essential element for local and national development for reducing the deficit in the balance of payment.

This paper analyses the use of labor migration (by some Third World countries) as a tool for development through exporting skilled workers in exchange for their remittances. This research will analyze three cases of well-known labor exporting countries in an effort to examine the above argument by some developing countries.

Theoretical Background: Labor migration is not a new phenomenon. It is as old as the human history itself. One form of historical labor migration was bringing labor (by force) from other nations (slavery). Such a relationship was clear during the colonial times where colonial powers used to take the manpower they needed (mainly as slaves) to work for their capitalist masters there. People being slaved through wars or by kidnaping were sold in other countries to do the labor that masters would hesitate to do.

Slavery is forbidden now, but the need for cheap labors remains the same. Thus, people still migrate from underdeveloped (periphery) countries to developed (core) countries, (not by force, but voluntary).

Conventional economic theory views the international labor migration from poor to wealthy countries as a resource flow. Like the trade of commodities, labor migration yields benefits to participating countries through numerous mechanisms that operate at the individual and macro-structural level. (Griffin, 1976). This theory assumes that labor migration reduces the deficit in the balance of payments in the sending countries and (at the same time) stimulates savings and investments. Furthermore, the theory assumes that returned migrants also apply the new skills they acquired abroad to establish businesses, investments, and expand farming in the home country, a fact that would increase local and national productions. In short, the conventional economic theory views the international labor migration as a "menna" from haven for Third World development because it works as equalizer for the flow of wealth between poor and rich countries.

Sivanandan (1979) gave a different holistic view point, in which he stated that while some periphery countries became better off due to new natural resources they have, other periphery countries did not have but their human resources. Therefore, in order to develop their economies, they started to use their labor force as a "human capital". Furthermore, the labor migration shifted to be periphery- periphery instead of periphery-core as it used to be in the past time. Having the core countries shifted the labor migration back between the periphery countries themselves, a new imperialism has emerged which accelerates the "disorganize development" of the periphery countries.

Rempel's viewpoint matches what Sivanandan called "disorganize development". He questioned the net value of benefits derived by poor countries from the money remitted by their citizens who migrated to one of the rich countries for employment. Adverse effects included rural producers being turned into consumers only, consequent reductions in the production of food and exports crops, and inflation in rural areas caused by the interaction of increase purchasing power (of depended families) and inelastic supply conditions (Rempel 1976).

To examine these point of views (Griffin vs. Sivanandan and Remple), three case studies from Pakistan, Yemen, and Jordan were analyzed. The case study of Jordan was used to illustrate deeply the side effects of labor migration on both national and local levels. I will also use these case studies to show the general trend of the problem on international levels.

Specifically, this paper is seeking to answer the question: Does really labor migration leads to the proposed development in the labor exporting countries?

Pakistani Migrant Workers in the Arab-Oil Countries: There have been an estimated number of one million Pakistani migrant workers in the Arab oil countries. The Pakistani government has an active policy of encouraging such labor migration to reduce the huge number of unemployment there. This was done through political contracts with the Arab oil countries, and by establishing training programs and training centers to satisfy the needed skills in Saudi Arabia and the surrounding Arab oil countries. This policy has led to increase the total remittances from $15.5 million in 1972 to $2.1 billion in 1980 (Shah, 1985). Besides reducing unemployment, remittances from these workers contributed to about 8% of the GNP, and to about 40% of the foreign exchange in Pakistan for the same period.
Thus, more and more, the Pakistani government became dependent on exporting workers to solve the problem of unemployment and to generate the needed foreign exchange. But, due to the Iran-Iraq War and the declining of oil prices, Pakistan in eighties suffered a big drop in the sum of the foreign exchange it used get; a fact which affected its International trade and its balance of the payments (Shah, 1985).
On the other hand, 62% of the remittances were spent by the families of migrant workers on the consumption of food and clothing; twenty-two percent were spent on real estate, including housing. Thus, it was clear that the migrants' families have achieved higher standards of living because of the remittances they received.
From the above discussion, it can be concluded that the dependency of both government and rural people on the remittances from workers abroad put the future of rural Pakistani people under the threat of the fluctuations in the oil prices. The fact that most of the remittances were spent on clothes, food, and real estates, with little or no investment on farms and other businesses, made it so difficult for those people to cope with the new situation after the fluctuations in the sum value of remittances. This was also reflected on the governmental future development plans.

The Yemeni's Labor Migration to Saudi Arabia:
Yemen is one of the Arab poor countries. Yemeni workers started to migrate to Saudi Arabia in mid fifties. By 1980's, an estimated number of one and quarter million from skilled and unskilled workers from Yemen had migrated to Saudi Arabia.
In the 1970s, the construction movement in Saudi Arabia created the need for more unskilled workers. Therefore, more workers migrated to Saudi Arabia, and as a result, remittances have increased four folds between 1975 and 1979. High wages in Saudi Arabia led to more labor migration up to the point that unskilled wages in Yemen increased three folds in three years to influence local workers to stay in the country. (Fergany, 1982).
Furthermore, and to meet this shortage in skilled and unskilled workers in Yemen, the government allowed children to work in public services. For example, the government still has 20% of the public service jobs vacant. The government also reduced the qualifications needed for specific jobs to overcome the problem of lacking skilled labor. (Fergany, 1982).
But changes in technology and changes the type of development plans in Saudi Arabia have reduced the need for unskilled Yemeni's workers. Added to this is the new competitive-unskilled cheap labor flow from Somalia and Sudan. These changes caused a large drop in the number of Yemeni workers in Saudi Arabia as well as the level of wages for migrant workers in general and thus, the a drop in the size of remittances to Yemen (Fergany, 1982).
Yemen's economy (which had accustomed itself to depend on remittances as a standard source of incomes for the nation) found a difficulty in coping with the new situation. The reason was that agricultural production dropped because more people left their lands to work outside. This have happened without establishing an alternative economic base by the remittances the country and the people used to get from their migrant workers abroad annually (Fergany, 1982).
Furthermore, the remaining farmers who did not migrate have converted their lands form food crops to a cash crops production (such as GATT, which does not require large number of workers). As a result, today's largest portion of import in Yemen is the foodstuffs as well as agricultural machines and equipment.
Added to all of these problems is the governmental free market policy (a long side with huge amount of remittances to the dependent families) which turned the normally poor Yemen to a market of foreign goods, which led to a high inflation in the country.

Jordanian Migrant Workers in the Arab Oil Countries: As the oil prices increased in mid seventies, there was more need for construction workers and engineers to meet the sudden boom in construction and development plans in the Arab oil countries. Jordan's market was full of these skills, so the labor migration took place from Jordan to the Arab oil countries.
The Jordanian Government came to appreciate the importance of remittances as a solution for unemployment and as an element in balancing the foreign trade deficit. The Jordanian government decided to increase the number of training institutions to meet the local and foreign demand on workers. The number of professional institutions was increased by more than three times between the late sixties and 1982 (Simantta, 1985). Government employees were allowed to work in the Arab oil countries without loosing their official status. Furthermore, government officials started to take advantage of the good ties with the Gulf States in order to accept more skilled workers from Jordan. Exporting more and more workers to the Arab oil counties became a well known policy for the government of Jordan because of its positive impact on the foreign trade deficit and on unemployment.
The Jordanian labor migration to the Arab oil countries has many similarities to the labor migration form Pakistan, for which labor migration become a source of income and was enhanced by the government policy to train workers and establishing annual contracts with the Oil host governments. However, as highly educated people, the Jordanian migrant workers are mostly highly skilled of white and blue color.
By 1982, more than 40 percent of the Jordanian workforce was abroad, working mainly in the Arab oil countries in the Gulf area, and where 30% of the foreign exchange came from remittances (in form of US dollars) that workers abroad used to send to their families. The amount of remittances through the banks of Jordan totaled to more that $966 million in 1982 (Ibrahim, 1984).

Results and Discussion

A study on the Jordanian Labor Migration and its impact on household families in the Jordan by Bassam El-Saket 1983, came up with theses results;

1-while most returned migrants reported some of their wages went for saving and investment abroad, the proportions saved were not great.

2-the only investment of remittances reported with any notable level was for residential lands and buildings. The findings of this survey provide little hope that remittances are channeled into industrial or agricultural projects (with the possible exceptions of very high income earners with a sufficient margin to invest after food consumption, health, and educational expenditures).

Still this feel of welfare as a result of labor migration has gone now. The continuous boom in oil prices that began since 1973 had a sudden drop after the Gulf War. The effect of such a drop in oil prices began to be seen on the size of labor migration and the amount of remittances at that period. For example in 1983, the percentage of people who were seeking jobs in Jordan had increased by 95%. Also, the year of 1985 was the first year that the steady curve of growth in remittances began to decline. (statistics from the ministry of Labor and Social Development in Jordan). After the sudden drop in the availability of jobs in the Arab oil countries, Jordan now is facing the threat of radical riots form the returned workers who face depression and unemployment and who may end up joining the growing radical movement (Kifner, 1985). According to the (CBS news, the recent civil riot in the West Bank was burst at the peak of unemployment between graduate students as a result of the growing shortage of migration opportunities to Arab oil countries (CBS News, Jan.1988).

Jordan's dependency on exporting workers did not mean that such activity was smooth running process. After the Iraqi invasion to Kuwait in 1990, more than seventy thousand Jordanian migrant workers in Kuwait and other Gulf State countries were forced to return to Jordan. Thus, unemployment jumped up to 19%. Related data indicated that 84% of the returnees were from Kuwait, and 58% of them were in the age of work, and 51% of them used to work as technicians (Ministry of labor: annual report, 1994)

Secombe, pointed that the labor migration movement out of Jordan has negatively affected the rural areas as well. Agricultural production has declined due to the shortages in the labor force and where returned migrant workers prefer to live in cities and not to expand (or to buy) new farms. Furthermore, urban centers started to squeeze rural areas in terms of agricultural productions and labor due to the increasing gap in income and purchasing power between urban and rural areas.

Specific Findings on the Use of Remittance vs. Development:

1. The above case studies share a common element of being labor oriented, where jobs and higher income were the main driving force behind migration.
2. In all of the above case studies, it is safe to conclude that migrant workers in general spend most of their money on food, clothing, real estate, and building houses. Therefore, remittances do not lead to a better chance of investments for the poor families of migrant workers.
3. Although migrant worker's families have got extra money as a result of remittances, this was accompanied by another serious problem.

The migrant families turned to be largely dependent on remittances, and (so) turned to be under the mercy of political problems that might happened thousands of miles away from them.

Conclusions: To be able to cope with the increasing demand for foreign exchange, some countries turned to industry, growing cash crops, or some services or exporting raw materials. This paper has focused on those periphery countries that turned to labor migration as their main export commodity to other richer periphery countries. According to Griffin, governments in these countries use this process as a means for developing their national economy because it generates the foreign exchange that is necessary to the balance of the foreign trade deficit.

Based on several case studies discussed above, it looks that labor migration was considered by the governments of labor exporting countries as a profitable business, where migrant workers get higher income, the community reduces unemployment and the national government generated extra foreign exchange to balance the trade deficit.

However, the present economic situations in these countries agree with Rempel's conclusion that exporting labor as a commodity does not lead to the proposed development, but even to further dependency, where labor exporting countries reflect the development of other countries without being developed (Santos, 1975). These case studies indicated that the situation is more complicated than such simple superficial short-term policy that direct the planning in labor exporting countries. In the short term, migrant families did achieve a better standard of living, but, in the long run, their situations did not change much.

The development of rural areas and farms had been ignored and replaced by higher expenditures on clothes and foods. In fact, at the local level, the migrant's families became more dependent on foreign markets than before. Farming had been ignored, and migrants fell under the mercy of fluctuation in oil prices, the political situations in the host countries, and the changing in demand for specific and high technology skills.

On the national level, farm production became less since the migrants left their land and felt less need to work on their farms. Above all, migrant workers started to spend more money on foods and clothes. As a result, more imports were needed to satisfy the increasing demand, and then more and more foreign exchange was needed to furnish the expenses of such imports.

The point supports Wallerstein's argument that participation in the world market (in this case by exporting workers) will turn the Third World Countries to further dependency, where fluctuations in demand and in world prices for commodities will weaken the position of the Third World Countries.

Thus International Labor Migration as a "human capital" reflects the inequality between countries in a given region and leads to further dependency as long as the world system remain the way it is now. Since such a world system cannot be changed by a given state or region, and since labor exporting may not survive without exporting workers, the fact becomes clear that Third world labor exporting countries have surrounded themselves to the world capitalist system in a way which has no break through in sight. If something can be done in this regard it has to come from these dependent countries themselves.

All they can do (if any) is to have better ways of investing the remittances from migrant workers, and this can be done through raising the level of public awareness to invest and not just to waste their money. However, such a solution needs to have better opportunities for public investment, but again within the framework of international dependency.

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