

**Remarks of David Mckenzie on May 26, 2009 in Washington, DC at the conference
*Beyond the Fence: Research Lessons on How Immigration and Remittances Shape Global
Development***

Thanks. So I'm going to take from D.C. to very far away to looking in the Pacific and looking at a new program that New Zealand has to allow Pacific Islanders to come and work in the vineyards and farms in New Zealand and we're trying to find out what the development impacts of this are in the Pacific Islands.

So in terms of the sort of the big picture background, as you know, there's been a lot of discussion in global forums about the need for more opportunities for unskilled workers to partake in migration and these temporary migration programs as seen as the sort of win-win-win solution where the countries on the receiving end don't need to worry about getting people so much. They can just take workers in and send them back when they're done with them and not have to worry about integration. The sending countries get the remittances, they get these workers to go abroad and earn more income but they're not worried about brain drain, and the workers themselves are earning some more incomes.

So this is sort of seen as a promising way of getting more unskilled workers into the global migration, but of course, people are worried about return and whether these seasonal workers will become permanent, et cetera. You know, there's quite a lot of this seasonal worker programs still around, but there's very little empirical evidence on actually how they work. So this is what we're trying to look at, a new program and trying to understand what the development impacts of this program really are.

So New Zealand has this new seasonal worker program called the Recognized Seasonal Employer, the RSC program, which was launched in 2007. It allows 5,000 seasonal workers to come to New Zealand for seven months each year. They can return again the next year if their employer wants them to and if they want to, or they can go to a new employer the next year. And one of the sort of unusual things of this new program was that there was this explicit focus on development as one of the reasons for this program.

And so there was an emphasis on recruitment from the Pacific Islands which is I guess the only area of the world where New Zealand actually maybe matters for and there was facilitation measures to try and get these countries to be apt to send workers to New Zealand. And in launching the program, they said, you know, one of the goals of this program as well as getting workers for our vineyards is actually a development goal.

We want to reduce poverty in the Pacific Islands, and we realized that this will only be one of the ways that we can do this but we'd really like to help provide rural and other island workers with some income-generating activities. These earnings we hope they'll foster education, they'll reduce poverty, et cetera, et cetera. So in terms of what employers need to do to participate in this program, they have to pay half the travel costs for these workers. To fly

to New Zealand, they have to guarantee certain things in terms of how many hours of work these workers have and in terms of wages. They have to be paying at least the minimum wage.

One of the sort of interesting things in this program is this emphasis on pastoral care which I'll talk about in a minute but basically they're having to look at – guarantee that they'll look out after the workers a bit, provide them with housing accommodation, sort of show them around, make sure that they can get to banks to send money, et cetera. And then, one of the things in terms of whether these workers will go home again, the workers are bonded to pay a cost if these workers don't return in terms of the costs of removing those workers from New Zealand. So there's a strong incentive on the employer side to choose workers who they think are going to return and to treat them well and let them know that they're going to be able to return again the next year and have them go home.

So in terms of this pastoral care, employers are meant to look after these workers' wellbeing, help them access suitable accommodation. There's been a little bit of discussion as to what this means. There've been a few cases where too many people are staying in substandard housing but generally, given that these are rural communities, they've done pretty well on that front. And then, you know, linking them to community groups and services, healthcare, shops, banks, making sure that they can practice their religion, et cetera, this being Seventh-day Adventists coming across, to making sure that they don't have to work on Saturday if they don't want to, et cetera.

So this is sort of making sure that some of these human rights issues that often get discussed as being problematic in seasonal worker programs are at least trying to be looked after and there've not been too many complaints of that so far. There are quite a few measures in place to ensure return. One of the key things I guess from other seasonal worker programs is that if people think that they can only come ones they're much more tempted to stay than if they know they've got the chance to return again in future years.

We're in the second year of the program now. I should say about the latest numbers have about half of the workers are returning again in the second year. But it could more than that because we're still sort of overlapping and some of the ones from the previous year may still come again this year. The implicit message when they're recruiting in these villages is that if people from your village are the ones that overstay, no more people from your village will have the opportunity to come again in the future.

So there's quite strong – we'll talk about recruitment mechanism, but there's quite a strong sort of social pressure for people to return. We're talking about sort of relatively small countries – well, not relatively – small countries with populations of 100,000 in Tonga, or 180,000 in Samoa, about that in Vanuatu. So we're going out to communities where these villages have really quite a strong social pressure and the countries themselves are competing in a sense.

There're five Pacific islands that were the kick-start states and so they know that if their country has a reputation for their workers not going being good workers or overstaying, the employers will quickly move to one of the other countries that are a part of this. And so, there's sort of a sense on the country side that they want to be able to continue participating in this and they'd better make sure that the people from their country are representing them well and they're returning and living up to their obligations.

So, so far, in the first year at least it really worked well in terms of this concern that workers will overstay. And less than 1 percent of the workers have overstayed, and you know, very few of these were from the Pacific. There was a group from the Philippines actually, a small group that overstayed and there was one group that didn't get paid as they should have been by the employer and so they decided to run off with a rugby team and they're happily playing rugby at the moment but I think they've been returned. So, so far, on that side, it's been good. So what we were interested in looking at is what does this mean for development? There's a hope that these seasonal worker programs will actually have a development impact. But the sort of overall impacts have been ambiguous.

And part of that is because we think there's going to be all these different effects on households, there may be more remittances coming back which should have both an income effect and the easing of liquidity constraints that we typically think about and maybe some transferring of knowledge. These people are working in activities in New Zealand that typically are not the types of activities they would work on in the Pacific Islands so they're helping raise grapes in New Zealand and as far as I know, not many vineyards in Vanuatu or Samoa. But you know, some of the farming techniques that they will be doing and management techniques you could possibly think.

But the key concern is that these households are going to be losing these members. These members will be absent. That will both have effects in terms of the opportunity cost of their labor and also in terms of the increasing cost for maintaining two households and from having separation of one family member from another. And so, there's this disruption to households left behind, how these households left behind cope and these workers themselves have to come up with half the air fare, with the cost of the visa, et cetera.

They have to pay for their housing while in New Zealand, so you can imagine that if they're only going for a relatively short amount of time, as is common in these seasonal worker programs, by the time they've actually overcome all these costs and they've paid for the hire expenses of living in another country, they might not actually earn that much money to bring back. So it's not sort of so clear up front whether this is going to really benefit the home country households including the migrants themselves so, so much. It's a new program. People are obviously volunteering to go into it so, by Lant's sort of reasoning before, we would think that they're going to be better off, but it's just not quite clear how long that will be – that will take.

So we launched into this evaluation of the development impact and we have 450 households divided into three groups and each of Tonga and Vanuatu. So we have households who had a member that would move to New Zealand through the scheme; we have households with members who applied but they weren't selected by employers to go through the team; and then households where no member applies.

And we were trying to do four rounds of interviews. We have done three rounds so far. The first round before the worker went; the second round was aimed to be when their workers were away; the third round when they returned, and then we were aiming to do a fourth round later this year at the end of the second year of this. In practice, it hasn't quite been like this because it's a very rolling recruitment. The employer comes over and says, we want workers to come over and start in two weeks and so we've been interviewing in airports as people are about to depart or – (audio break). That wasn't me. So anyway. I will continue.

(audio breaks)