

Data for Getting Migration Policy Right: What We Need to Know to Measure the Impact of Migration on Development¹

Richer advanced countries affect poorer developing countries in many ways, some direct, some less direct. Rich countries provide humanitarian and development aid to developing countries. They buy from developing countries, sell to developing countries, extract minerals from developing countries. Their banks and capital markets invest in developing countries. Their armies sometimes invade developing countries.

We know quite a lot about how these various dimensions of rich country policies and activities affect developing countries. We know, for example, that if rich countries fully opened their markets to products from poor countries, the value in increased income would be almost double that of development assistance. We know that rich country foreign direct investments in developing countries overwhelms other financial flows to these countries. We know these flows provide jobs, help create local industries, transfer technologies. In other words, we know the effects of these rich country policies on developing countries.

But what about the movement of people? How do rich country immigration policies affect developing countries? Do they impact only those who move? Or, do they also affect the sending countries? The sad and surprising answer is that we don't know, and, if we don't know, the rich countries cannot claim to have the information they need to make sensible development policies.

CGD is committed to understanding how the policies of rich countries affect the welfare and development prospects of poorer countries. Our work and the work of others suggests that rich countries' immigration policies have huge impacts on the lives of immigrants who move from developing to rich countries. We also know that immigration affects the lives of those left behind, with the massive increases in remittances in the past two decades the most visible manifestation of this. But there are other, less visible benefits of immigration that may be far more important to the welfare of sending countries than remittances. The impact of the technology and managerial transfer that occurs when an Indian IT engineer moves from Bangalore, Hyderabad, Mumbai, Pune, Chennai, or any of the other half dozen centers of Indian IT to Silicon Valley may well extend far beyond whatever income and career gains he or she sees. In that immigration act may be the seed of a new Indian business, this whether or not the immigrant returns to India. But, while we can site anecdotes in support of these effects, we know almost nothing about their magnitudes. And without that, we cannot know how important immigration policy is as development policy.

In the 1950s, the world's trade statistics were in about the same state as today's international migration statistics. Imagine, if you will, trying to debate the effects of trade on development

¹ CGD research fellow Michael Clemens prepared this background note for the inaugural meeting of the Commission on Migration Data for Development Research held on Tuesday, May 20, 2008.

with some anecdotes about a few factories in Thailand, some good, some not so good, and a few pictures of rural American towns emptied of manufacturing jobs. Fortunately, today anyone who wants to know how many Christmas-tree ornaments were exported from Malaysia to the United States in April 1992 or 2002 can find this number on a readily-available CD-ROM. But anyone who wants to know how many doctors moved from Angola to Portugal in 2003, or how many engineers moved from the US to India in 1995, has nowhere to look. What numbers we have are a thicket of ignorance (almost no data on departures) and incoherence (conflicting definitions of ‘temporary’ and ‘permanent’ migrants), that fuel wrong and often misguided conclusions on migration.

In the past 50 years global trade has exploded. Because we have reasonable trade statistics, we can have an informed debate on the consequences of this “globalization” on developing countries, both good and bad. We can argue, as Paul Krugman has, that growing trade between high-wage and low-wage countries is a very good thing for poor countries. International migration is poised to replace goods and services trade as the next great phase of globalization. How will this phase affect the developing world? Without much better numbers, we won’t be able to say.

Migration statistics have resisted many attempts at reform, but now there are good reasons to hope for better in the future. One is that statistics on international flows of goods, services, and capital sixty years ago were roughly as poor as migration statistics are now, but over the subsequent couple of decades they improved dramatically. They improved in response to the recovery of world trade and investment flows after 1945, and it is reasonable to believe that similar forces will raise the demand for better migration statistics as international flows of people continue to rise. Another reason for hope is that the long tradition of superb statistics on refugee flows demonstrates that better numbers on people movements are feasible. A third reason is that many sources of data already exist that could be compiled in ways of interest to migration researchers with nominal expense and little political difficulty.

To push the issue of better migration statistics, CGD will convene the working group to explore one key question: As the international migration debate heats up, what do policy makers need to know about the impact of migration on sending countries if they care about development? As an obvious corollary to this question the group will as well explore the current state of migration statistics, and what needs to be done to give researchers and policy makers the empirical base they need to assess migration’s impact on sending countries.

The group’s policy impact will be measured by whether or not the OECD and/or other national and international statistical agencies take initial steps to improve the quality of international migration data, steps that would ideally include instituting routine collection of information on entries and exits that would permit “adding up” of the flows of people across countries (as is the case for trade in goods and services), including standardized definitions of “temporary” versus “permanent” migrants, as well as of major skill and labor categories. Basic measures of this type are an essential starting point for rigorous empirical research on the development effects of migration.