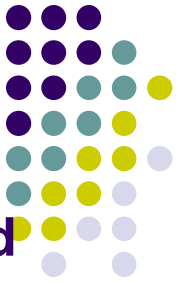




# Chapter 4

## International Resource Movements (con't)

# INTERNATIONAL LABOR MIGRATION

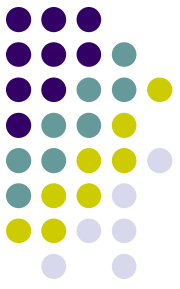


By Int. Organization of Migration (IOM), 185 mil. people - 3% world population are living outside their national boundaries, 85 mil. of which migrated for working

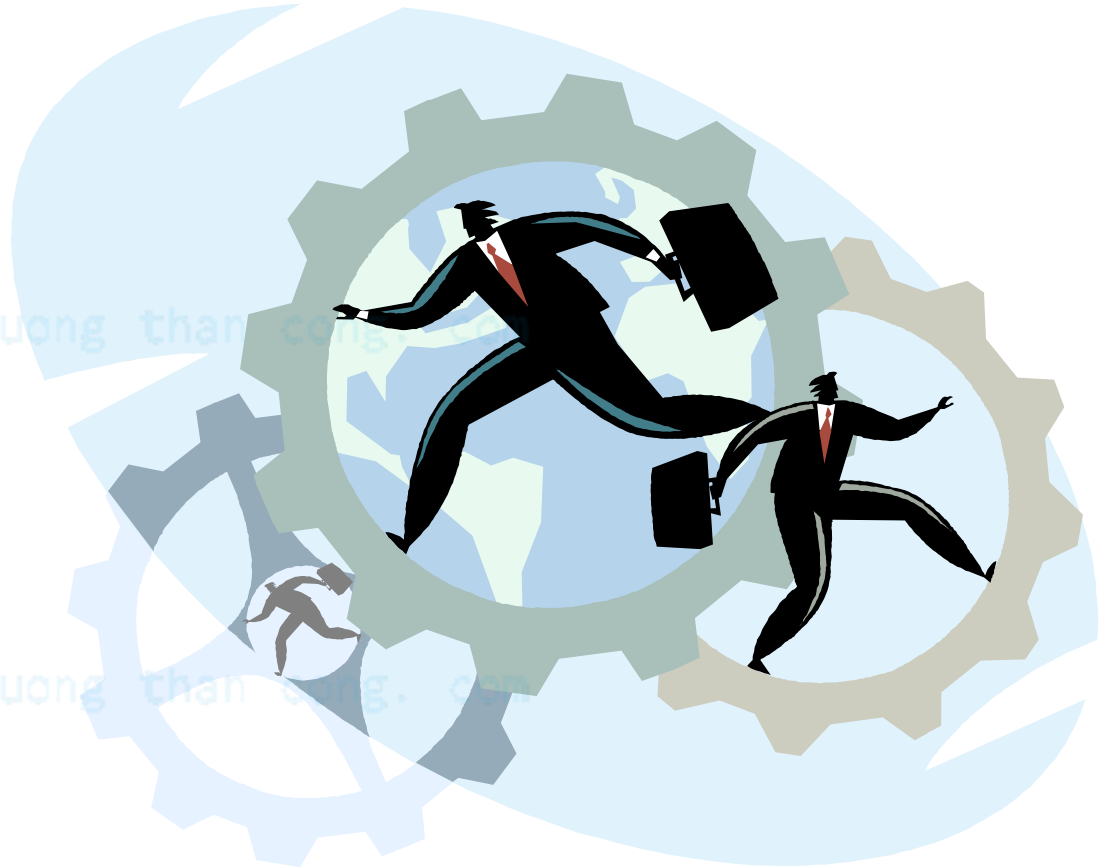
## ISSUES STUDIED

- Definition
- Features
- Forms
- Reasons
- Dynamics
- Effects

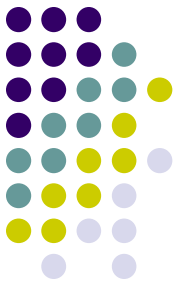
# Definition



international labor  
migration – the labor  
movement from one  
country to another in  
order to find a job  
with high wage and  
better living



# FEATURES OF INT. LABOR. MIGRATION



- Labor with low skill made up the high ratio of the total number of migrants. Majority of which is from developing to developed countries in Europe and North America
- Migrants often are young people with good health, high level of adaptability

# FORMS OF INT. LABOR. MIGRATION



## Informal (Labor migration not by contract)

- Appeared early and developed throughout XIX cen.
- Labors migrated by themselves (This form of migration often held by smuggle organizations, or by the tourism channels, education abroad....)

➔ This form is illegal

## Formal (Labor migration by contract)

- Developed after WW II and become the most popular in recent years
  - Consisted of different types of migration
- ➔ This form is legal and increased quickly in quantity

# Non-contract labor migration in some Asian countries (to the year 1998, person)



	Source country	Country of Destination					Total
		Japan	S. Korea	Taiwan	Malaysia	Thailand	
1	Bangladesh	5864	6939	-	246400	-	259203
2	Cambodia	-	-	-	-	81000	81000
3	China	38957	53429	-	-	-	92386
4	Indonesia	-	1013	2700	475200	-	478913
5	Malaysia	10926	-	400	-	-	11326
6	Myanmar	5957	-	-	25600	810000	841557
7	Pakistan	4766	3350	-	12000	-	20116
8	Philippines	42627	6302	5150	7600	-	61679
9	Taiwan	9403	-	-	-	-	9403
10	Thailand	38191	2528	6000	8000	-	54719
11	Vietnam	-	3181	-	-	-	3181
12	Others	72242	18285	5750	23000	109000	207577
Total		281157	95617	20000	800000	1000000	2713914

# Export of labor



- **Labor - emigrant is a citizen of one country implementing a job required by a citizen of another country, who is using this labor. The quantity, the professions, the age of labor to be immigrated depend on the demand of the labor market of country of destination.**
    - Export labor through agreements signed between governments
    - Export labor through sending workers working in the projects abroad that enterprises won in bidding
    - Export labor through contract between domestic organizations specializing on labor export and foreign enterprises in foreign countries using this labor
    - Export labor through the cooperation between provinces in two countries
- => These emigrants temporary working abroad and come back home when the term expired**

# INTRA-BLOC LABOR MOVEMENT



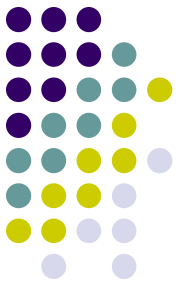
- **EU – economic union (free labor movement)**
- **In other blocs?**

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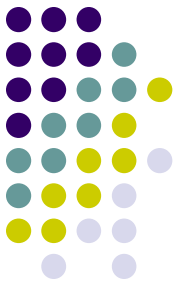
# Movement of Natural Person



- **Intra-corporate transferee**
  - CEO, managements and specialists
- **business visitor and service sales person**
- **contractual services supplier**

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# Example

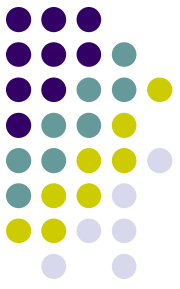


- **Two foreigners entered Vietnam to work as a manager for 3 year term**
  - The first is hired by Vietnam's company as a manager of business division
  - The second is a staff of one TNC presented in Vietnam and is assigned by the company to work as a manager of business division in the affiliate of this TNC in Vietnam for 3 year term

**Q: Form of labor movement?**

**(both are high skill labor movement)**

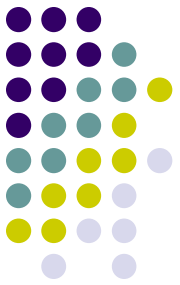
# Reasons for Inter. labor movement



## By the World Bank: (5)

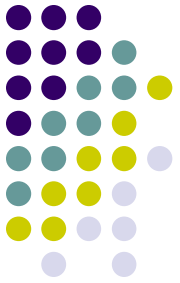
- ***Neoclassical macro economic theory:*** difference in wages, in output => difference in labor supply and demand in source country and country of destination.
- ***Neoclassical micro economic theory:*** IL movement is a result of cost - benefit analysis of individual => difference in wages and employment is the major determinants for international labor movement

# Reasons for Inter. labor movement



- ***New theory on labor movement:*** labor movement is the way to differentiate earnings, decrease risks and create investment.
- ***Theory on double market labor:*** The need of the users of immigrants on low wage labor in developed countries - the major motive of ILM. The recruitment policies of those countries formulated the ILM
- ***Theory of the world systems:*** effect of capitalist economic structure to noncapitalist societies, periphery

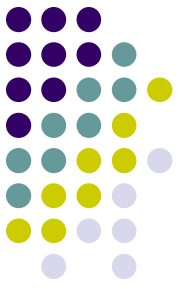
# DYNAMICS OF INTERNATIONAL LABOR MOVEMENT



## 3 STAGES

- XV century to beginning of XX century
- WWI to 1960
- 1970 -present

# XV cen. to the beginning of XX cen.

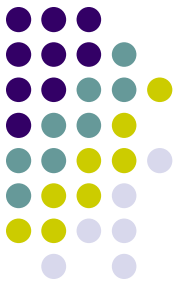


- **ILM started with slaves trade**

- **1440 sailors brought African to Europe to work as slaves in their home**
- **After 1 century the first African slaves have brought to work in western plantations in America**
- **Some centuries later, about 15 mil. African left their home countries and forced to work in Brazil, North America and Caribbean**

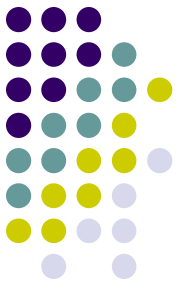
**(UN, International Migration Policy, 1998).**

# XV cen. to the beginning of XX cen.



- XVIII cen, many European countries applied measures to limit immigration
- Middle of XIXcen, economic liberalism broke down barriers, created conditions for free trade and for free movement of labor => the waves of emigration from Europe to America
- Second half of XIX cen. - beginning of WWI:
  - European countries couldn't control migration between countries.
  - There was free movement of labors
  - No visa needed and immigrant could get a job without getting license (Nguyễn Gia Liêm, 2000).

# WWI to 1960



- After WWI, high unemployment was popular and the world economic crisis 1929-1933 made the situation more serious.
  - ➔ Many countries applied the immigration management policy to protect the domestic labor market ➔ limited international labor migration
- After WWII, the need to reconstruct and develop country => the ease of the policy and the government has more concern with the foreign labors
  - ➔ During 1950s-1960s, there was a large movement of Asian labors migrated to many European and North American countries

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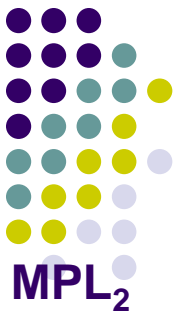


# 1970 to Present



- After the Gulf war, the need to reconstruct the infrastructure => increase the movement of labor to the region?
  - Number of immigrants: 8000 in 1972; 2.8 mil. in 1975; 7.2 mil. 1985
- In 1980s, rapid economic development of South Korea, Taiwan, Hong Kong, Singapore, Malaysia => need for foreign labor => become attractive labor markets
- Nowadays, the migration between regions continued with some new features:
  - Asia, residence of more than a half of world population and 2/3 world labor force become the region with the largest labor movement and intraregional migration stronger than in Europe and North America
  - The ratio of women labor in total labor migration increased continuously

# Welfare effects of Int. Labor Migration



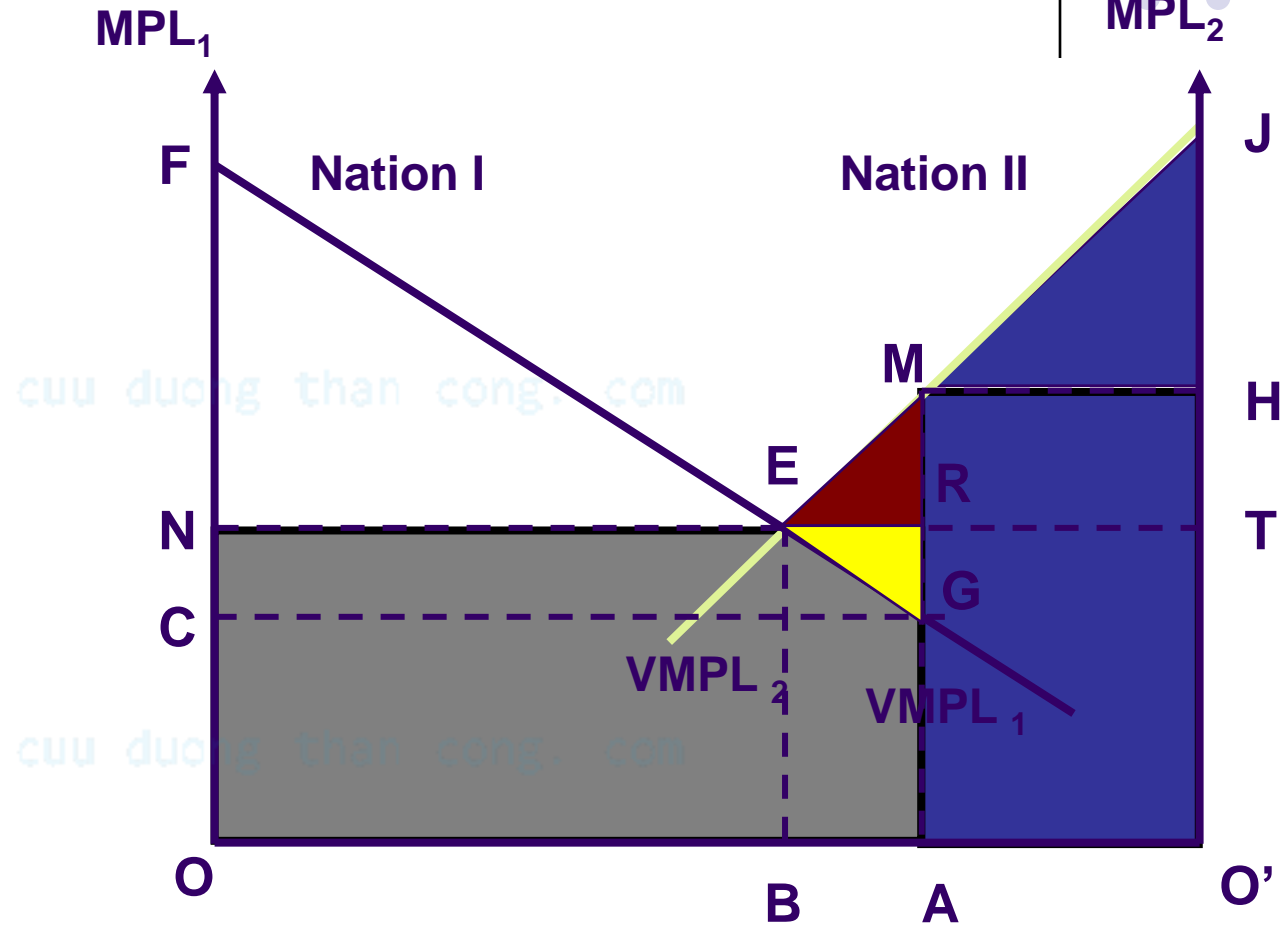
## Before labor movement

### Nation I

- Total labor:  $OA$
- Real wage:  $OC$
- Total output:  $OFGA$

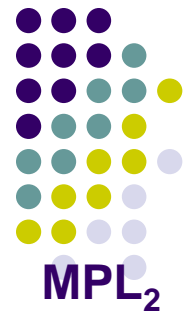
### Nation II

- Total labor:  $O'A$
- Real wage:  $O'H$
- Total output:  $O'JMA$



$O'H > OC \rightarrow$  migration of  $AB$  labor from Nation I to Nation II  $\rightarrow$  equalizes real wages in the two nations at  $BE$  ( $BE=ON=O'T$ ).

# Welfare effects of Int. Labor Migration



## After labor movement

### Nation I

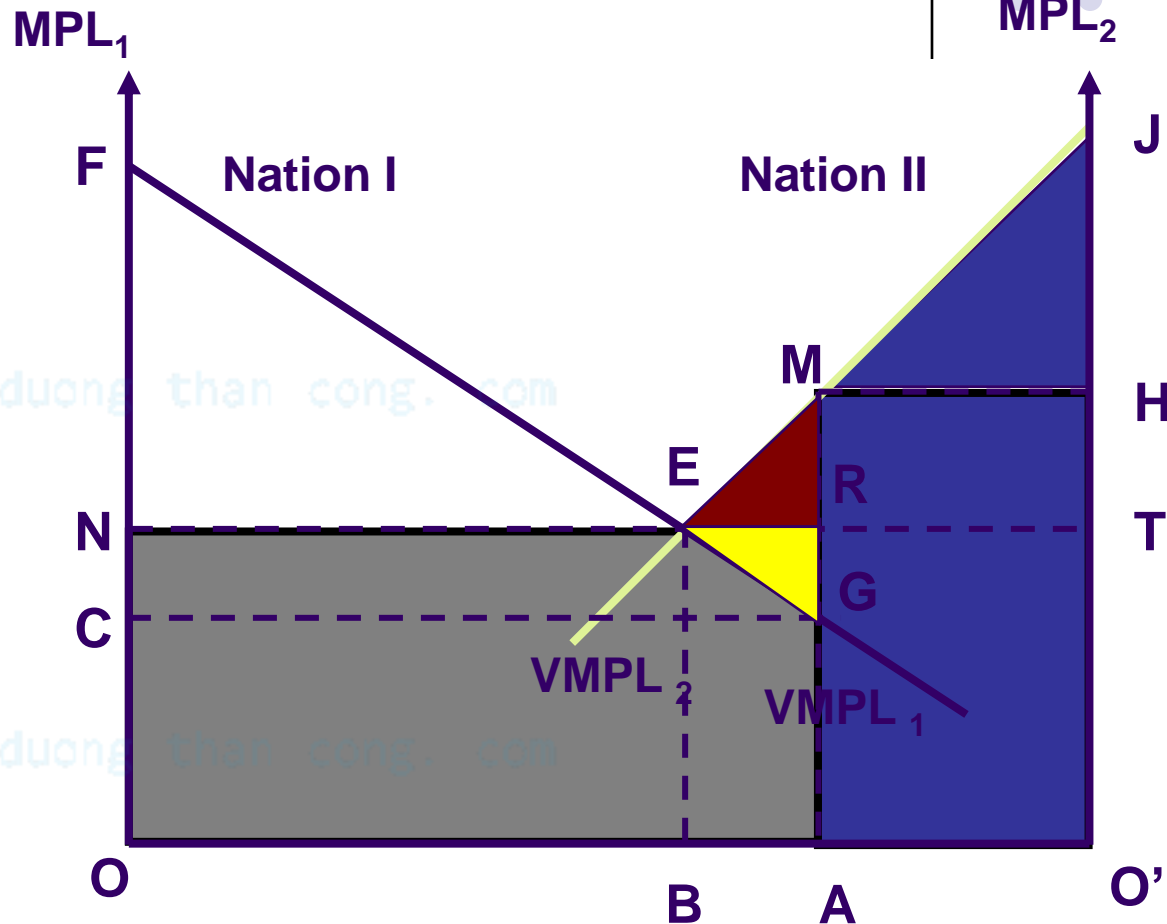
- Real wage increased from OC to ON
- Total output decreased from OFGA to OFEB

### Nation II

- Real wage decreased from O'H to O'T

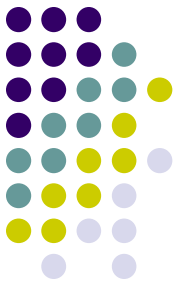
- Total output increased from O'JMA to O'JEB

**Net gain in world output:**  
EMG



**Question: The welfare effects when AB labor is unemployed in Nation I?**

# Welfare effects of Int. Labor Migration



**Assumption of the model: all labor are unskilled**

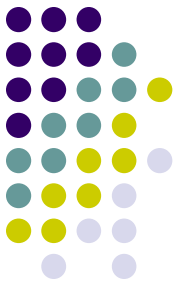
**In reality: 2 forms**

→ migration of unskilled labor

→ migration of skilled labor (specialists)

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# Migration of unskilled labor



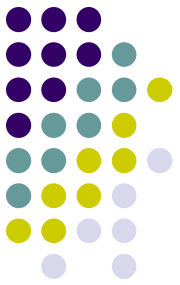
## Countries importing labor:

- 1) **Countries with small population but abundant in natural resources.**

**Ex: Middle Eastern countries: lack of labor in construction industry, services, ...**

- 2) **Developed countries: shift in economic structure => move of industries (unskilled) labor intensive abroad (FDI). Increase demand on labor in construction industry, services, in some countries => labor in agriculture**
- 3) **In NIEs, Malaysia,... the need for unskilled labor is great**

# Migration of unskilled labor

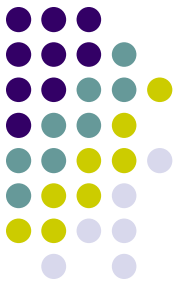


## Note

- Unskilled labor in dev. countries: high wage => tendency to hire foreign labor to decrease the cost
- Labor in these countries have the tendency to avoid certain jobs (3 D: Dangerous, Dirty, Difficult)

(Tại Nhật 3 loại công việc, mà tiếng Nhật gọi là 3K, phải nhập khẩu lao động nước ngoài vì không thuê mướn được lao động bản xứ : nguy hiểm (kiken), môi trường làm việc không sạch sẽ (kitanai) và điều kiện lao động khắc nghiệt (kitsui) như nóng nảy, ngột ngạt).

# Migration of unskilled labor



## Countries exporting labor:

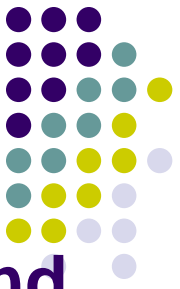
### Less developed countries (developing countries)

The biggest labor exporting countries (by quantity and by the ratio of labor – emigrant to total population):

Lebanon, El Salvador, Columbia, Pakistan and the Philippines.

For the Philippines: this country has 8 mill. working, about 10 % of total population. Each year, remittance from those working abroad is about 10 bill USD, almost 10% GDP

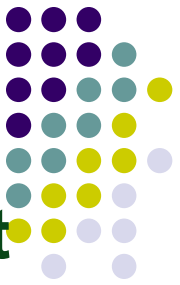
# Migration of unskilled labor



- **1/ Unskilled labor exported to dev. countries and NIEs: difficult working environment; labor rights easily violated (labor export has to be organized carefully with commitments of the enterprises using labor and supervision of local authority)**
- **2/ Unskilled labor often with low educational and cultural level => difficult to adapt with local social and cultural conditions => disappointed; broke the laws; be heavily exploited...**

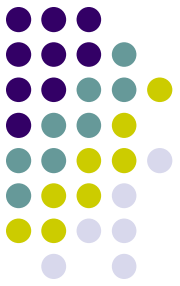


# Migration of unskilled labor



- **3/ Almost all countries exporting labor haven't succeeded in strategies of economic development.**
- **4/ In many labor exporting countries the issues concerning labor export were not included in the general strategy of economic development (Ex: labor training; effectiveness of using remittances; technological transfer, ... and plan to stop export of labor in the future...**
  - **Malaysia exception?**
    - **20 years ago, Malaysia actively sent apprentices for studying short course in advanced countries => to work with higher productivity at home => to contribute to a success in implementation of general development strategy**

# Migration of skilled labor - Export of specialists

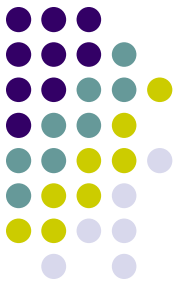


- For country of origin
- For receiving country (country of destination)

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# For country of origin

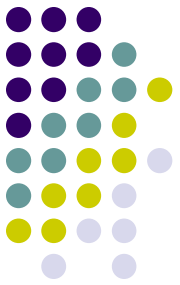


- The danger of losing of skilled and professional labor, which has already scarce and the loss of investment on education and training
- The danger of “brain drain”, and its negative effects on the development

**Issue: Effectiveness of using labor in the country of origin**

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# For country of origin

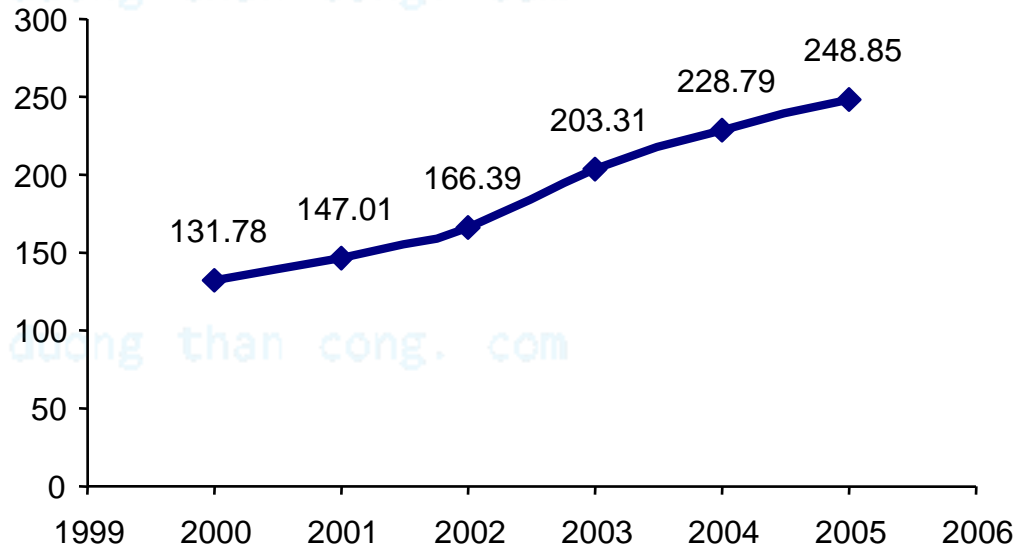


- **Temporary migration:**

- Country lose skilled labor but those labors get the experience and can use it while they come back home

– The remittance sending home much higher => increase income of beneficiaries

Remittances sending home by workers working abroad  
The whole world, billion USD



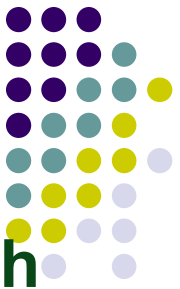
# “Brain drain”



**“Brain drain”:** Highly skilled labor moving to work abroad in order to increase income, to compensate educational cost paid by themselves or by their government

- **From 1961- to 1983, 700.000 high skilled labor from developing countries moved to USA, Canada and England → many countries lose high ratio of high skilled labor**
- **Sub-Saharan Africa lose 30% high skilled labor from 1960 to 1987, mainly to EC**
- **About 20-40% university graduates in Central American and Caribbean chose to work abroad**

# “Brain drain”



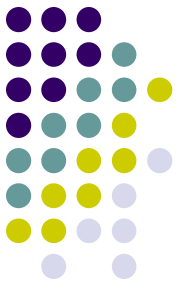
- **“Brain drain” caused a substantial damage though difficult to calculate**
- **Center of study of US Congress estimated: in 1971-1972, developing country invested 20,000 USD for each skilled labor migrant**
- **“Brain drain” may be caused by in some countries skilled labor trained more than labor market demand**
  - **In Somali estimated that the graduates were 5 times more than demand**
  - **in 1985, 40% graduates in main cities of Côte d’Ivoire were unemployed**
  - **In 1988 1,350 South Korean with Ph.D degree working in the US**

# For receiving country



- Economic effects of migration is difficult to estimate (many factors: time, profession, type of labor...
- Issue: welfare effects of specialization and negative impacts from concentration into one certain factor of production?
  - EX: whether migration of typist from country X into the US encourages US citizen working as typists to seek another better job in other professions?
  - Whether immigrants as major suppliers of the typists lead to the decrease of wage and to overuse of other services related to this work?
- From the view of the local workers, foreign immigrants are substitutes or complements?

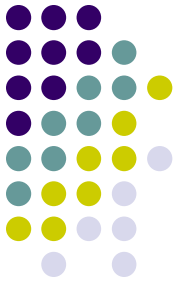
# For receiving country



- OECD secretariat – complement (USA)
- WB – substitution (Germany) *weak effect*
- Temporary and permanent migration

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# Discussion: Export of Labor in Vietnam

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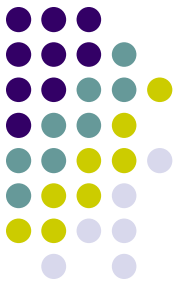
# LAO ĐỘNG VIỆT NAM TẠI CÁC NƯỚC (2006)



- *Ma-lai-xi-a hơn 100.000 lao động, có thu nhập bình quân từ 5 đến 7 triệu đồng/tháng;*
- *Đài Loan có hơn 90.000 lao động có thu nhập lên tới 300 đến 500USD/tháng...*
- *Khoảng 19.000 tu nghiệp sinh đang làm việc ở trong các ngành may, lắp ráp điện tử, cơ khí... ở Nhật Bản, Hàn Quốc với thu nhập khá cao.*
- *Bên cạnh đó có khoảng ba nghìn lao động làm việc ở các Tiểu vương quốc Ả-rập thống nhất,*
- *Gần hai nghìn lao động làm việc tại Ca-ta.*

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# XUẤT KHẨU LAO ĐỘNG CỦA VN



**Chỉ thị số 41 - CT – TW (Bộ Chính trị) ngày 22/9/1998 về XKLD và chuyên gia, khẳng định:**

“XKLD và chuyên gia là một hoạt động kinh tế - xã hội góp phần phát triển nguồn nhân lực, giải quyết việc làm, tạo thu nhập và nâng cao trình độ tay nghề cho người lao động, tăng nguồn thu ngoại tệ cho đất nước và tăng cường quan hệ hợp tác quốc tế giữa nước ta với các nước- Cùng với các giải pháp giải quyết việc làm trong nước là chính, xuất khẩu lao động và chuyên gia là một chiến lược quan trọng, lâu dài, góp phần xây dựng đội ngũ lao động cho công cuộc xây dựng đất nước trong thời kỳ công nghiệp hóa, hiện đại hóa...”

**Nghị định của Chính phủ số 152/1999/NĐ-CP ngày 20/9/1999 cho phép các doanh nghiệp thuộc các tổ chức chính trị - xã hội tham gia xuất khẩu lao động.**

# MỘT SỐ THỊ TRƯỜNG XUẤT KHẨU LAO ĐỘNG CHÍNH CỦA VIỆT NAM



- **Khu vực Đông Bắc Á:**

- Nhật Bản, Hàn Quốc, Đài Loan: Cần nhiều lao động có nghề. Những lao động có nghề thực thụ dễ được tuyển chọn hơn trong chương trình cấp phép cho lao động nước ngoài của Hàn Quốc hoặc tu nghiệp sinh của Nhật Bản làm việc trong công xưởng của Đài Loan.
- Đặc biệt, Nhật Bản và Hàn Quốc đều có chương trình tuyển chọn lao động kỹ thuật cao, chuyên gia cho một số nghề với chế độ cấp visa dài hạn ưu tiên đặc biệt.

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- **Khu vực Đông Nam Á:**

- Malaysia là thị trường lớn, mặc dù nhiều doanh nghiệp chấp nhận tuyển lao động chưa có nghề từ Việt Nam, nhưng nhiều nhà máy cần lao động có kỹ năng nghề cao. Những lao động của VN đáp ứng được yêu cầu về trình độ nghề thường có thu nhập cao hơn hẳn những người chưa có nghề.
- Singapore hiện tại mới nhận lao động có kỹ năng nghề tương đối cao của Việt Nam.

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# MỘT SỐ THỊ TRƯỜNG XUẤT KHẨU LAO ĐỘNG CHÍNH CỦA VIỆT NAM



- **Khu vực Trung Đông, Châu Phi:**
  - Có nhu cầu nhận lao động chưa có nghề nhưng thu nhập rất thấp so với lao động có nghề.
  - Lao động có kỹ năng nghề làm việc trong xây dựng và công xưởng đang có nhu cầu lớn và được trả lương cao hơn hẳn.
- **Thị trường Australia, Canada, Mỹ:** được coi là thị trường cao nhất kể cả về thu nhập và điều kiện nhập cảnh về trình độ kỹ năng nghề và ngoại ngữ.
  - Muốn có visa vào Australia làm việc, người lao động phải có kỹ năng nghề cao, kinh nghiệm làm việc thực tế, được tổ chức đào tạo có chức năng của Australia kiểm tra, cấp chứng chỉ nghề và phải đạt trình độ tiếng Anh 4,5 điểm IELTS trở lên.