

**ESCAP. *International Labour Migration and Remittances between the Developing ESCAP Countries and the Middle East: Trends, Issues and Policies.*** Bangkok: United Nations Publication, 1987. 206 pp. (Development Papers No. 6)

Development Papers No. 6 is a study of remittances generated by the international migration of labour between the ESCAP region and the Middle East. It is based on six-country case studies, including Bangladesh, Pakistan, India, Philippines, Thailand and Korea. It is divided into four main chapters on the following themes: patterns of labour and remittance flows; impact of remittances on the domestic economics of the labour-exporting economy; labour recruitment and remittances procedures in the labour-exporting countries and the demand patterns in the labour-importing countries; policies and administrative measures of labour-exporting countries with regard to workers' protection and welfare; control of remittances, coping with a reduced demand for integrating the returned migrants; and the possibilities of co-operation between the labour-exporting and the labour-importing countries.

International labour migration prior to 1970s was confined mainly to the western European countries and the migrants came mainly from southern and eastern European countries. After the 1973 oil-price hike and subsequent accumulation of oil revenues, the Middle Eastern countries embarked on ambitious programmes of construction to accelerate economic development. Since the scale of development process was beyond the capacity of local manpower, there was a large flow of migrant labour into the Middle East, mainly from the ESCAP region. Chapter 1 describes the trends in labour-flows from the ESCAP region to different regions of the world in the earlier period, and the sharp acceleration in this flow to Middle East in the 1970s. Some aspects of the emigrating labour force have a direct impact on the domestic economic and social development process. This factor is highlighted in Section 2 of Chapter 1, which shows that although large-scale emigration relieved unemployment pressures in these countries, the exodus of semi-skilled and skilled production workers created shortages of such labour in these economies. This finding points to the need to take account of costs of training, dislocation in production and selective wage pressures while counting the benefits from labour emigration.

The discussion on the flow of remittances into the ESCAP countries shows that for all the countries after 1975 the flow of such remittances was the major source of foreign exchange earnings. In fact, for most of the countries, remittances exceeded even the value of total merchandise exports. In some cases, remittances could more than fully finance the inflated oil bill.

In light of the trends in the inflow of remittances, Chapter 2 analyses the impact of remittances on the domestic economies of the ESCAP countries. Remittances provided a strong cushioning effect to the balance of payments of all the countries, but their effect on the growth of GNP was not very significant for all the countries. The discussion on the impact of remittances on consumption patterns,

savings, and the investment behaviour of the remittance-receivers, on country-basis, is highly useful as it provides an opportunity to these countries to learn from the experience of each other. In fact, the case study of Thailand provides the best example of the most appropriate use of remittances which other countries would wish to emulate.

With regard to the impact of remittances on prices and wages, this study shows that of the three case studies examined only Korea experienced a direct inflationary impact of remittances. In India, the inflationary impact of remittances was cushioned by increased imports; and in case of Pakistan, there was no correlation between movements in price-level and the level of remittances. However, it may be pointed out here that in case of Pakistan also, increased imports of essential goods – despite high international prices – were provided at subsidized prices; and thus imports cushioned the inflationary impact of increased money supply through remittances. This has been proven empirically by Firoze (1987).

The next chapter focuses on the issues involved in the process of migration. It describes in considerable detail the uses and abuses involved in the mechanisms of recruitment of emigrants and in the flow of remittances. It is important to note that while the labour-exporting countries have focused mainly on emigration with the objective of maximizing their benefits from labour migration and remittance, the study undertakes an assessment on the labour demand in the labour-importing countries in light of the decline in the demand for labour after 1982. It identifies new skill requirements of the labour-importing countries after the first phase of development, and also makes projections for the future demand of labour in these countries. Such an analysis is undoubtedly highly valuable for all the labour-exporting countries.

In Chapter 4, the study reviews in great detail the policies and administrative measures adopted to deal with the malpractices developed in the process of migration and flow of remittances, to protect the workers, to attract the maximum flow of remittances, and to utilize them most productively. The study also puts forward a number of suggestions and recommendations to develop a closer understanding and cooperation among the labour-exporting countries; and between them and the labour-importing countries, to enable them to streamline the demand and supply of labour in a systematic manner and to maximize the benefits for both labour-exporting and labour-importing countries.

Chapter 5 summarizes the findings of the study and puts forth some broad conclusions emerging from the analysis.

The systematic presentation of the issues involved encourages a serious reading of the book. The study brings together the problems and issues faced by the labour-exporting countries in the face of rapid emigration of their manpower, and their efforts to deal with them through various legal, administrative and institutional means. The discussion is substantiated extensively by data from various sources, for

every country. There is useful information for an understanding of the common problems of the labour-exporting countries, and the ways to tackle them. The book also provides some essential information with regard to the future demand for labour in labour-importing countries, an important issue neglected by all the labour-exporting countries. The ideas put forward here to enhance cooperation between the labour-exporting and the labour-importing countries, if adopted seriously, would definitely go a long way in solving a number of problems currently being faced by the labour-exporting countries. This study makes a valuable contribution to the subject.

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#### **REFERENCE**

- Firoze, F. B. (1987) *The Origins of Inflation in Pakistan 1959–82: An Evaluation of [sic] Alternative Hypothesis* Unpublished Ph.D. Thesis. Manchester: University of Manchester.