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Brain Drain, Brain Circulation, Remittances and Development: Prospects for the Caribbean

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Abstract

The issue of brain drain as a result of south-north migration has been a preoccupation for developing countries around the world and the Caribbean Community (CARICOM) states in particular. In recent years, the debate has moved beyond brain drain to speculate on the development prospects of brain circulation through return migration. Also on the current agenda are the prospects for economic development through remittances and the engagement of diaspora communities. This paper examines the evolution of the debate and key issues with particular attention to the implications for small, developing states within CARICOM. Of particular importance is the conclusion that remittances alone are not sufficient for economic development and are, in fact, a reverse subsidy to wealthier countries. However, through domestic reforms and international advocacy and cooperation it may be possible to improve the development returns of highly skilled emigration.

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Letter from the Executive Director

It is my pleasure to introduce *The Caribbean Papers*, a product of our major research project on Caribbean Economic Governance. CIGI is an international research centre that identifies and develops ideas for global change by supporting research, fostering exchange among experts and leaders in the private and public sectors, and providing informed advice to decision-makers on multilateral governance issues.

This project convenes researchers and leaders within the private and public sectors to examine and provide substantive answers and policy prescription to current economic governance challenges facing the Caribbean region. The papers were initially presented at CIGI workshops, where their authors benefited from extensive comments and discussion on their work. Through this series, we hope to present and discuss policy issues pertaining to trade, investment, human capital, the fiscal outlook, and public sector management practices, among other issues relevant to the Caribbean region's economic future.

We encourage your commentary on these papers and welcome your thoughts. Please visit us online at www.cigionline.org to learn more about the Caribbean Economic Governance Project and CIGI's research programme.

Thank you,

John English
Executive Director



Introduction

State of the Global Economy and Demand for Overseas Workers

The number of people living in poverty around the world has decreased faster in the last 50 years than in the previous 500, yet the disparity between the living standards of rich and poor countries continues to grow (Global Commission on International Migration, 2005: 12). Today, the per capita GDP of high income countries can be up to 66 times that of a low-income country and 14 times that of a middle-income country. Such differences help to explain why the labour markets of high-income countries are so attractive to workers from low- and middle-income states. Migrants in higher income economies can earn wages up to 30 times higher than what they could earn at home (Ibid).

The Global Commission for International Migration estimates that 175 million people worldwide are international migrants.¹ Of these, composition of migrants is changing as a result of globalization. Previously, it was low skilled labour moving to wealthier countries to do jobs that local populations would not do. Now, improvements in education, skills transferability, and geographical dispersion of supply chains are contributing to higher-skilled labour moving abroad to take advantage of wage differentials in other countries.

It is estimated that a 5 per cent global liberalization of labour migration could contribute \$300 billion annually to world welfare - greater than annual flows of foreign aid or investment. Even a more conservative increase by developed countries of 3 per cent of their total workforce would increase world welfare by more than \$150 billion per annum (Winters, 2002: 7).

Friedman's *The World is Flat* (2005) tells stories of workers in Bangalore who have previously unimaginable earning opportunities because telecommunications advances

allows them to staff call centres for customers in Minnesota. However, this reality does not hold true for many types of workers whose services cannot be delivered effectively long distance, even by digital means. This is particularly prevalent in personal services industries such as nursing and hairdressing where the service provider and receiver must be within arm's reach of each other. As Blinder notes, the need for face to face contact in the provision of certain service industries has direct implications for supply chain configurations in determining what sorts of services can be offshored and what must be provided locally (Blinder, 2006: 8-9). This also has implications for migration - the movement of certain types of services across national borders increases the need for the movement of service providers - and when these services are in the lower wage and skill sectors there is an added dimension of movement of people from developing to more developed states (or south-north migration).

Thus, globalization's promise to allow the knowledge worker of the 21st century to sit on a beach in Jamaica while sending work product to Toronto is a simplified ideal that belies a more complex reality that is strongly affected by global supply chains based on efficiency criteria. Globalization may allow some to work where they want to but for many in the developing world, it also means they *cannot* work where they live, or if they can, the pressures to earn money to send home to family and loved ones still compel them to leave home to seek greater opportunities.²

Some of the transformation of the nature of work is related to the effect of globalization on reducing barriers to labour mobility, which in turn provides workers with

¹ As Skeldon (2005) notes, however, about one-quarter of the world's migrants are classified as such because of large-scale political re-bordering events. These include mainland China-born residents of Hong Kong who may be more accurately considered citizens of the Greater China region, residents of Pakistan and Bangladesh born in India prior to partition, and internal migrants within the Soviet Union who became international migrants after the break-up of the USSR.

² The costs of migration at the family level are well described by deParle (2007).

Author Biography

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more opportunities to leave home to seek their economic fortunes elsewhere. It is worth emphasizing however, that free movement of labour is the least free and most contested of any area of cross border movement. Politics, culture, and fear serve to entrench certain beliefs related to the effects of having those one perceives as foreigners within national boundaries.³ The global movement of goods, services, capital and ideas still encounters protectionist national barriers but these do not compare to the magnitude of obstacles to the movement of people.

Together with reduced barriers to the movement of productive factors, globalization is also characterized by improved communications and transportation technology. These two sets of forces have contributed to more efficient supply chains but efficiency improvements have been accompanied by labour market disruptions as jobs are relocated to lower-cost locations.

For many developing countries, even though they may have an abundance of low-cost labour, the pace at which old advantages are lost has moved faster than the rate at which new opportunities are created. Loss of market protection has depleted the pool of available employment in traditional sectors and those workers lucky enough to have skills sought after in the service and knowledge economies are taking them to higher wage countries. For citizens of less developed countries, there are few incentives to keep one's talents at home and attempt to build a critical mass of domestic productive infrastructure. The depletion of opportunities in developing countries, coexistent with labour market demand abroad has created the brain drain problem that has been a major concern for developing countries worldwide.

The market forces of globalization are pushing in the direction of transnational labour mobility but, in developed countries, there are national preoccupations pushing hard in the opposite direction, as evident by recent riots in France and the United States' construction of a wall across the length of the Mexican border. From the sending country perspective, any restrictions on out-migration that might be imposed to prevent brain drain would risk depleting the remittance revenues upon which more and more developing economies depend. Furthermore, few democratic governments would be willing to risk curbing their citizens' right to seek economic-self-determination, even if they leave the country in that pursuit. For both developing (source) and developed (destination) countries there is a need for

governmental attention, analysis, and action with respect to the management of short- and longer-term movement of global workers. The debate on south-north migration⁴ seems to have moved past a preoccupation with brain drain to a focus on brain circulation and/or the use of remittances to improve development in source countries (Skeldon, 2005: 5).

The brain circulation argument suggests that people can work abroad on a temporary basis and return to their home countries to productively invest newly acquired skills and capital in the local economy. At the same time remittances sent homeward during periods of employment abroad will increase national incomes and might be usefully channelled into infrastructure and economic development. However the promise of brain circulation and remittance-driven development has provided few concrete success stories. The Philippines' aggressive campaign to export workers to higher wage economies has been remarkably successful in terms of outbound workers - more than a million per year (*The Economist*, 2007) but at what cost to families and communities who must remain at home? Temporary economic migration and diaspora remittances are not a new phenomenon - Turkish guest workers, Mexican *braceros*, and the global Armenian diaspora provide a few well known examples of groups of international wage earners remitting funds to home communities over long periods of time. Why haven't Turkey, Mexico, and Armenia achieved significant development advantages as a result? As will be described later in this paper, more than just cross border economic transfers are required to induce meaningful economic development.

Within the small, developing economies of the Caribbean, the development-migration dialogue has followed a similar trajectory. At first the emigration of lower skilled workers was seen as a safety valve for unemployment and an important adjunct to national incomes. Acceptance turned to dismay, however, as increasing numbers of skilled workers moved abroad and brain drain was identified as a serious impediment to economic development at home. More recently, there has been recognition - or resignation - that highly-skilled Caribbean nationals will continue to seek opportunities abroad and that this dynamic must someone be harnessed to also improve conditions at home.

Many Caribbean states share with other developing countries a number of common conditions related to the emigration of skilled workers abroad, but, as this paper will explore, there are also a number of region-specific factors that contribute to a specific configuration of migration costs, benefits and future prospects. Thus, the way forward for the Caribbean will involve a unique set of strategies that

³ In her analysis of the social construction of foreignness in Canada, Sharma (2006: 15) observes that "The 'similarity' of some and the extraordinary 'strangeness' of Others is one consequence of the global mobility of capital, goods and people."

⁴ South-north migration refers to movements from developing to developed countries.

incorporate domestic reforms and international advocacy. In order to identify some of the key ingredients for these strategies, this paper examines three operational areas of the emigration dynamic, paying particular attention to areas of concern for the developing economies of the Caribbean. These operational areas are:

- 1) The political economy of migration from the source and destination country perspective;
- 2) The prospects for transformation from brain drain to brain circulation; and
- 3) The international migration policy framework.

The question this paper seeks to answer is whether the Caribbean sending states can channel labour exports towards meaningful development without falling into a trap of remittance dependence. Because of the complexity of the issue, this analysis attempts to focus on questions related to higher skilled migration and confine its regional scope to the Caribbean Community (CARICOM) states.⁵ Also, in discussions of destination countries, the paper refers to examples from the United States, Canada, and the United Kingdom, since these have traditionally been the most popular emigration destinations for CARICOM nationals.

The Political Economy of Migration

Costs and Benefits of Migration

The consequences of migration are complex and context specific but there are certain factors that are shared in south-north migration of the highly-skilled. Among these common concerns are:

- 1) Loss to the community of human capital that was developed through state-subsidized educational opportunities;
- 2) Deterioration of the local economy as a result of continual outflow of skilled labour and/or lack of growth opportunities if skills were invested in local development; and
- 3) Costs to family and society including family break-up and loss of particular social groups such as university graduates.

Thomas-Hope (2002) points out that migration may induce a domino effect that depletes a community as societies and services are hollowed out without replenishment. Professionals trained in the Caribbean through publicly funded education who migrate to other countries provide, in effect,

a Caribbean subsidy to wealthier destination country markets. There are also, of course, benefits to the source country associated with migration including remittances; and the prospect of workers returning with new skills, investment capital and beneficial international linkages.

For the destination country, migration provides a large pool of skilled labour, especially in the face of demand shocks or depleted supply caused by planning failure. Destination country governments benefit from the availability of skilled workers without the associated costs of worker schooling and training. Overseas workers are also a source of new ideas and practices and provide international linkages to home countries.

With more open borders and tens of millions of workers on the move worldwide, there is a growing interest in understanding the political economy of migration. The migration literature tends to organize its analysis in terms of push and pull factors. For example, the push factors that induce workers to look abroad for economic opportunities may include low domestic wages and poor employment conditions in source countries, while pull factors include relatively higher wages in wealthier countries brought about by labour shortages in those markets.

Push Factors

While destination countries such as the United States, Canada and the United Kingdom have single digit rates of unemployment, unemployment in most Caribbean states is considerably higher, ranging from 10 per cent in Barbados to 15.5 per cent in Jamaica (2000 figures). However, the employment situation in the Caribbean is often reversed for highly skilled workers such as those in health care and education - professions that are also in high demand in Organisation for Economic Co-operation and Development (OECD) states. Because of the increasing reliance on foreign workers to meet this demand, there are frequent criticisms made of wealthy countries who are 'poaching' doctors, nurses, and teachers from the developing world.⁶ Nevertheless,

⁵ Although Haiti is member of CARICOM, its relatively lower level of development large population size and lower average skill level in the workforce mean that generalized claims about CARICOM migration and its effects/prospects are less applicable to Haiti than for other states which have higher levels of tertiary education, and development levels that are at or approach the classification of medium development. At the same time, although the Dominican Republic is a CARICOM observer state, many of the claims in this paper regarding migration and development could also be applied to the Dominican Republic which is ranked in the UN Human Development Index as having a medium level of development similar to that of Grenada and Guyana. Its population, at just over nine million, is comparable to that of Haiti but four times larger than that of Jamaica, the second most populous CARICOM state.

⁶ For further analysis on Caribbean teacher and nurse migration, see Commonwealth Secretariat (2005).

with high rates of unemployment elsewhere in the economy, it makes economic sense for those whose skills are in demand should pursue the most lucrative offers and family members with less sought-after skills through remittances.

The CARICOM states offers a pool of well-educated, English-speakers with close cultural ties to the United States, the United Kingdom, and Canada. With these countries offering relatively high wages in higher skill professions and a large capacity to absorb workers, it is expected that Caribbean nationals will continue to be attracted to the wealthier destination markets. The magnitude of the wage differential is significant. For example, the average monthly salary for nurses in US dollars, adjusted for purchasing power parity, were reported as \$3056 in the United States, \$2812 in Canada, and \$2576 in the United Kingdom. Meanwhile, in Trinidad and Tobago, one of the wealthier CARICOM states, the corresponding monthly wage was \$913. Teacher salary levels tell a similar story. Data from various teachers unions shows that a teacher entering the profession today could expect an annual salary of \$9000 in Kingston, Jamaica; \$26,000 in Toronto, Canada; \$39,000 in New York City, USA; and \$42,000 in central London, UK.⁷

Push factors may be magnified by the migration process itself. For example, the continuing exodus of domestic workers creates stresses for those left behind in terms of low morale and overwork to fill job vacancies. As a result, workers from the same sector decide to migrate in search of improved working conditions. Also, where economic migration becomes institutionalized in families and communities there may be a social stigma attached to not going abroad to maximize economic earnings for the family. Similarly, workers who return to home countries prior to retirement age may be labelled as failures who are unable to measure up in a more competitive foreign labour market (Ellerman, 2006: 29-30).

Push and pull factors can also be slowed down by barriers of various sorts. These include regulatory barriers such as restrictions on immigration and recognition of foreign qualifications and certifications, as well as social and psychological forces militating against leaving one's home and family for unfamiliar surroundings.

A final dynamic that is involved when economic migration is temporary and related to a fixed term of employment or immigration permit, is return migration. This also involves push (back) and pull (back) dynamics. At the source country side, these pull back factors may extend beyond the lure

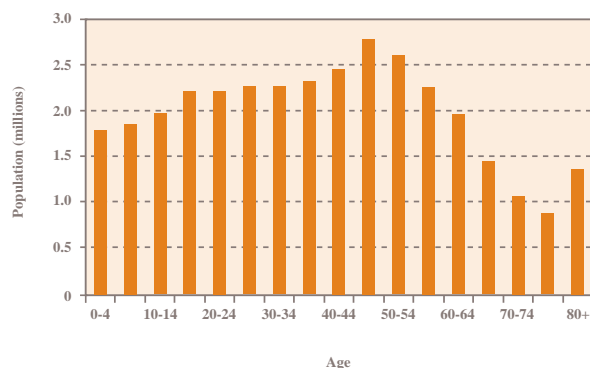
of home and family ties to include incentives specifically designed to make home more attractive. These include recognition of skills and experiences acquired abroad and support for re-entry. At the destination country side, the push back influences may include temporary visas with measures to prevent overstays, and programs of international cooperation to assist source countries with incentives for return migration.

Demographic Push and Pull Factors

Migration is an essential mechanism to allow wealthy countries with low birth rates to maintain and renew their workforces. The percentage of the population less than fifteen years of age is 18.3 per cent for the United Kingdom, 18.4 per cent for Canada, and 21 per cent for the United States. Between 2011 and 2029 the population over 65 years of age is expected to double in the three countries and in the United States and Canada, the birth rate is too low to maintain current population levels. As the baby boom generation gets older, there are fewer baby boomers remaining in the work force in high- and low-skilled service professions.

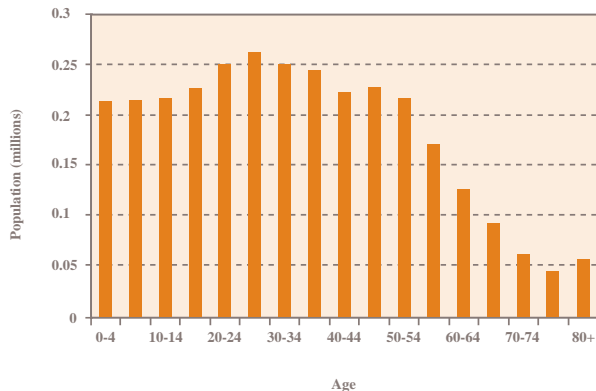
Conversely, in the CARICOM states, the demographic profile is characterized by higher birth rates and relatively younger populations. The charts below illustrate the difference between the age distribution of the Canadian population, which will have the highest concentration between the ages of 40 and 60 in 2010 and the Jamaican population which will have peak population concentrations between the ages of 10 and 29 during the same period. The labour policy implication of this situation is that, as Canada ages, it will need to import more labour through temporary and permanent migration while the relatively more youthful Jamaica will need to export a certain amount of labour to avoid problems of youth unemployment and related social maladies. Although Canada and Jamaica provide some of the clearest illustrations of demographic complementarity, the pattern of Canadian population distribution - dominated

Figure 1. Canadian Population by Age in 2010



⁷ US dollars, adjusted for purchasing power parity (Commonwealth Secretariat, 2005: 42).

Figure 2. Jamaican Population by Age in 2010



by aging Baby Boomers - is similar in the United States and the United Kingdom while the more youthful concentrations that are evident in Jamaica are similarly visible in a number of CARICOM states.

Demographic complementarity suggest that migration is a logical way to equalize Caribbean markets that have an oversupply of labour with developed country markets experiencing labour shortages. At the same time, migration policies should encourage a mix of both permanent and temporary migration so that the sending states themselves are not depopulated by out-migration and declining birth rates related to their own economic improvements. A 2004 study by the France's *Institut National de la Statistique* warns that Caribbean states such as Barbados, which have higher levels of economic development, will also experience an accompanying demographic transition that includes lower birth, death and population growth rates.⁸ The implication of demographic transition on future public planning is that attention should be divided between reducing labour market pressures through continued participation in managed migration schemes for workers at lower skill levels together with ongoing efforts to provide education and training programs that are accessible to all income levels.

Caribbean Migration Overview

For generations, Caribbean emigration has been an economic fact of life that served to ease unemployment tensions in the region. Workers have moved to the United Kingdom, United States, Canada, Panama, and elsewhere through organized labour programs or as independent job seekers. They have filled lower-skilled occupations in developing countries such as domestic caregivers and agricultural workers and, more recently, there has been a trend toward higher-skilled migration from the Caribbean in health services, education, and skilled trades (Caribbean Develop-

ment Bank, 2005). The 2004-5 Caribbean economic survey notes that emigration can be considered beneficial if the emigrants would otherwise be unemployed or working in low skill jobs but, if the emigrants are drawn from professional and skilled labour force, then 'brain drain' is likely, resulting in lower overall productivity and reduced economic growth (Ibid: 47).

In destination country markets with large populations, an influx of Caribbean workers might be easily absorbed but from the perspective of island economies with small populations to begin with, the magnitude of outward migration has a significant impact on domestic labour markets (Downes, 2006: 30). Between 1965 and 2000 about 12 per cent of the labour force of the Caribbean region migrated to OECD member countries making it the world's largest per capita source of emigrants for that period.⁹ Central America ranks second in the world at 7 per cent. Available data shows a clear correlation between higher levels of education and an individual's propensity to migrate. Estimates from Mishra (2006) indicate that, on average, more than 65 per cent of CARICOM nationals with tertiary education migrated to OECD states between 1990 and 2000. Most of these went the United States. A further 30 per cent of Caribbean workers with secondary education also chose to migrate (Ibid: 4-5; Docquier and Marfouq, 2004; 2005). The countries with the highest outflows of college and university graduates in 2000 were Guyana at 86 per cent and Suriname at 90 per cent (see Table 1). Most Caribbean states are among the world's top twenty states with the highest rates of tertiary-education migration.

The Docquier and Marfouq migration estimates in Table 1 are drawn from the census data of OECD states. It is worth noting that in their estimates of 'brain drain' in 190 sending states, no countries outside the Caribbean region have tertiary education migration rates above 74 per cent in 2000. The next highest in the Americas is El Salvador at 31.5 per cent. The highest in Europe is Malta at 55 per cent. The highest in Africa is The Gambia at 64.7 per cent. In Asia it is Vietnam at 39 per cent, while in Oceania, Tonga sees 74 per cent of its citizens with tertiary education move away.¹⁰

⁸ The report also notes that demographic transition does not take place uniformly within states and regions. Lower birth, death, and growth rates are seen first among wealthier, usually urban, pockets of a territory before the phenomenon becomes more widely dispersed (Institut National de la Statistique, 2004: 170-1).

⁹ In absolute terms, India and China rank higher but emigrants constitute a smaller proportion of their labour forces (Mishra, 2006: 4).

¹⁰ One of the weaknesses of the Docquier and Marfouq data is that it does not account for persons acquiring or completing their education abroad. For example, those who left after secondary school may have completed university abroad and be working in another country as a higher-skilled profession, even though their departure at the secondary level suggests employment in a lower-skilled profession. See Docquier and Marfouq (2005: 8-9).

Table 1. Migration Rate of Persons with Secondary and Tertiary Education to OECD States

	1990 Rates %		2000 Rates %	
	Secondary	Tertiary	Secondary	Tertiary
Antigua and Barbuda	31.7	65.33	35.9	70.9
The Bahamas	11.7	38.3	12.1	36.4
Barbados	24.8	63.5	24.3	61.4
Belize	48.6	62.6	49.2	51.0
Dominica	62.1	58.9	60.6	58.9
Dominican Republic	23.6	17.9	30.9	21.7
Grenada	61.1	68.8	69.5	66.7
Guyana	30.6	89.2	34.1	85.9
Haiti	23.7	78.3	27.5	81.6
Jamaica	28.9	84.1	30.0	82.5
St Kitts and Nevis	21.4	89.9	37.1	71.8
St Vincent & the Grenadines	56.7	89.8	53.4	56.8
St Lucia	46.8	80.4	32.1	36.0
Suriname	54.0	92.0	43.9	89.9
Trinidad and Tobago	19.3	72.2	20.6	78.4

Source: Docquier and Marfouq (2004).

These comparisons reveal first the severity of the problem in the Caribbean but it also emphasize that small states are much more vulnerable to losses due to brain drain.¹¹

Caribbean Migration to Main Destination Countries¹²

Flows from the Caribbean to the United States are significantly larger than those for either Canada or the United Kingdom. Also, comparisons between current flows of migrants and existing stocks suggests that migration to the United States from the Caribbean is a more recent trend than is the case for Canada or the United Kingdom.

The total number of migrants from CARICOM states entering the United States was 35970 for 2002. Also, according to the 2000 US census, the total number of Caribbean-born residents in the United States was 1,185,195 out of some 31,000,000 foreign-born residents, representing 4 per cent

of total residents born abroad and 0.4 per cent of total population. Comparisons of stock and flow data indicate that the flow of Caribbean migrants to the United States has been increasing in recent years (Commonwealth Secretariat, 2005: 33-4).

Migration to Canada from the Caribbean for all occupations has been accelerating since 1961 increasing from 0.8 per cent of total migration in 1961 to 5.33 per cent of total in 2001. According to the 2001 census, nearly 320,000 people living in Canada were born in the Commonwealth Caribbean. Between 2001 and 2003 an annual average of 5406 migrants came to Canada from these states. The rate of increase has tapered off in recent years.

Current data suggests that Caribbean-born residents make up approximately 0.4 per cent of the population of the United Kingdom. In 1971 there were just over 220,000 persons born in the Commonwealth Caribbean in the United Kingdom. Today, that number stands at somewhere around 240,000. In absolute terms, the number of Caribbean migrants to the United Kingdom has stayed fairly constant, although in recent years the numbers have decreased in relative terms. In 1971 over 10 per cent of UK foreign-born residents were Caribbean-born. By 2001 this proportion had fallen to around 5.2 per cent as flows of migrants from other parts of the world outpaced Caribbean migration.

The data from the United Kingdom also provides some insight into the significance of return migration. Between 1993 and 2002, there was an average inflow of 4600 Caribbean migrants per year and an average outflow of 2600, representing approximately 60 per cent of gross inflows. This data is consistent with the supposition of substantial return migration, although it is not possible to tell from available data whether annual outflows represent permanent or temporary returns to country of birth.

Intra-CARICOM Labour Mobility

Internal labour mobility is also an issue within CARICOM states.¹³ Although the broad vision of the Caribbean Single Market and Economy (CSME) is free mobility for CARICOM nationals, including spousal employment, long-term residency etc., the reality falls far short. The issue is very sensitive politically and has polarized divisions between wealthier and poorer states. The Bahamas, for example, has not ratified the CSME because of objections to labour mobility (see Joseph, 2005).

The labour mobility provisions of the CSME¹⁴ in general do not provide labour mobility for low- or semi-skilled

¹¹ This point is made by Armstrong and Read (1998).

¹² Data in this section summarizes detail in Reference Tables v - xi (see Annex). Note that even though Haiti joined CARICOM in 2002, there is little new census data available since Haiti's entry so references to CARICOM stock and flow of migrants would not include Haitian data, despite that country's membership in the federation.

¹³ Skeldon (2005) notes that there is insufficient analytical linkage domestic migration issues and trans-boundary migration even though they are often linked in practice, e.g. similar condition precipitate a rural-urban migration as do a trans-boundary migration (7). A similar point could be made with respect to the need for study of Caribbean emigration that includes both intra-CARICOM movements and OECD destinations.

¹⁴ These provisions are found in Chapter Three of the *Revised Treaty of Chaguaramas Establishing the Caribbean Community Including the Caribbean Single Market and Economy* (2001).

workers. They are focused on business visitors or intra-company transferees for business granted right of establishment as CARICOM enterprises. In addition many, although not all, CARICOM states have national legislation that allow for independent labour mobility such as for job seekers not affiliated with enterprises involved in cross-border investment. These measures tend to be limited to persons who are university graduates and/or graduates of Caribbean universities, or working in designated professions such as artists, musicians, athletes, or media. In practice, there is a considerable administrative burden attached to free movement in terms of obtaining necessary state certification. The degree to which intra-CARICOM labour mobility is possible varies according to state and is related to the extent to which states have been have, or have effectively implemented, necessary legislation governing labour mobility.

Remittances

The Caribbean region is the largest recipient of remittances relative to GNP, followed by South Asia, Middle East and North Africa (Mishra, 2006: 19). According to World Bank data, in 2003 remittances represented 24.8 per cent of gross national income for Haiti and 17.4 per cent for Jamaica. In terms of total remittances, Dominican Republic and Jamaica have the highest levels at \$2.3 and \$1.4 billion respectively (see Table 2).

Table 2. Remittances to the Caribbean, 2003 (millions US\$)

	Remittances	As a % of GNP
Antigua and Barbuda	11	1.4
Barbados	113	4.5
Belize	121	1.9
Dominica	4	1.5
Dominican Republic	2325	13.2
Grenada	23	5.3
Guyana	64	8.1
Haiti	811	24.8
Jamaica	1398	17.4
St Kitts and Nevis	3	1.0
St Vincent & the Grenadines	4	0.7
St Lucia	4	0.5
Suriname	24	0.8
Trinidad and Tobago	79	0.6

Note: Data on international migrants' remittances are measured in millions of US dollars as the sum of three components recorded in the Balance of Payment: workers' remittances, compensation of employees, and migrant transfers.

Source: World Bank (2006). Dataset available online: <http://siteresources.worldbank.org/EXTGEP2006/Resources/RemittancesDataGEP2006.xls>.

Definitive statements about the full impact of remittances are not possible because it is difficult to quantify the contribution that remittances make to source country economies. Research on remittances is hampered by the absence of good data, since many remittances take place in small, unreported amounts that are transferred through informal channels.

Attempts to estimate an average annual remittance rate per person range from \$75 for Guyana to \$920 for Jamaica (Commonwealth Secretariat, 2005: 56). However, given the sensitivity of these figures to a broad range of factors such as accuracy of data, family needs and expectations, length of time overseas, cost of living and intentions regarding return migration, generalizations about remittances per person are very imprecise. Nevertheless, despite weak national and individual data, there is evidence to suggest that remittances not only exceed levels of official development aid, they are the second largest source of funding for Caribbean states after foreign direct investment. Remittance flows have been rising at the same time as ODA and FDI have been declining. Expressed as a percentage of GDP, remittances have risen from 3 to 13 per cent while ODA has decreased from 4 per cent to 1 per cent and FDI has decreased from 9 to 6 per cent (Mishra, 2006: 19).

An important characteristic of remittance payments is that the transaction costs can be high, especially when sending amounts less than \$200. Although the average remittance cost has been declining in recent years because of more transparency and competition among remittance transfer companies, the average cost for remitting to Latin American and the Caribbean was 7.9 per cent for a \$200 transfer (2004 rates; Inter-American Development Bank, 2006: 12-3; see Nurse, 2004: 5-6). High transaction costs are the result of low usage of banks by remitters and recipients in favour of service providers like Western Union and Money Gram. However, international financial organizations and the private financial sector have been active exploring more efficient instruments for transferring and clearing remittance funds.¹⁵

Surveys of families receiving remittances indicate that the funds were used to educate children, pay off debts, build or repair homes, and to purchase consumer goods. However, as Nurse notes, "Other benefits such as skills transference, entrepreneurial investment and wider economic development are less clear" (Nurse, 2004: 4). The link between remittances and development as well as concerns about remittance dependence will be discussed later in this paper.

¹⁵ An excellent case study can be found in Hernández-Coss (2005).

Since remittances tend to be a percentage of earned income, it makes sense that highly skilled workers earning higher wages would send greater amounts of money home. Thus, highly skilled migration should be encouraged. However, given the relative newness of the phenomenon, there is little data available on the patterns or effects of highly skilled worker remittances on source countries. Lowell and Findlay (2001) point to research that indicates that higher levels of education may be linked to a *lower* propensity to remit (Lowell and Findlay, 2001). Even if we assume that highly skilled Caribbean migrants continue to be faithful remitters, this is not enough. The welfare losses of sending highly skilled workers abroad outweigh the gains for many Caribbean states. This problem is discussed in greater detail below.

Costs of Highly Skilled Worker Migration

One of the economic costs of migration is the decrease of domestic labour supply and the upward pressure this places on wages (emigration loss) (Mishra, 2006: 24). In addition, states lose the income tax revenue that they would have received had the worker stayed in the country. Of particular importance to the Caribbean, however, is state funding for education and the losses incurred when persons receiving subsidized educations take their skills abroad. Such losses are particularly acute where the state provides high levels of subsidization to tertiary education. This is the case in Barbados, Trinidad and Tobago, and Jamaica where each state spends more per capita on tertiary education than they do on primary and secondary education combined (see Table 3).

It is difficult to quantify the costs and benefits of migration, but Mishra estimates that for most CARICOM states, the net benefits of highly skilled worker migration are negative once the effects on domestic labour markets and costs of education are factored in, even when accounting for the return of remittances to the source country economy (see Table 4).¹⁶ These findings are consistent with other recent analyses such as Chami, Fellenkamp, and Jahjah (2003) who argue that remittances may have a negative effect on economic growth since they can retard reforms and are seldom converted from small household payments to productive investment capital.

¹⁶ Mishra (2006: 18) offers two caveats to his analysis. First, remittance measurement is subject to data deficiencies since it does not include transfers through informal channels or in-kind remittances of goods, etc. Secondly, although we have data on the number of Caribbean emigrants in OECD countries who have tertiary education when they leave the source country, we cannot tell from the data whether schooling was received in the source country or in a third country. This uncertainty affects calculations of social costs to source countries.

Table 3. Government Expenditure on Education, Average 1999-2002 (per student, as a percent of GDP per capita)

	Primary	Secondary	Tertiary	GDP/capita
Barbados	17	26	62	18,200
Belize	17	19		8,400
Dominica	21	35		3,800
Dominican Republic	7	5		8,000
Guyana	1	2		4,700
Jamaica	16	24	76	4,600
St. Kitts and Nevis	9	9		8,200
St. Lucia	13	2		4,800
St. Vincent and the Grenadines	28	28		3,600
Trinidad and Tobago	14	15	69	19,700

Source: United Nations Education Scientific and Cultural Organization, (UNESCO), reproduced in Mishra (2006). Missing data on expenditures for tertiary education indicates data not reported by states. GDP per capita data are US\$, 2005 or 2006 estimates from CIA, *The World Factbook*. Available online: <<https://www.cia.gov/cia/publications/factbook/index.html>>.

Conclusions

Although Mishra's analysis attempted to take into account certain positive labour externalities related to productivity, motivation and transfer of knowledge, monitoring, motivation, etc., other benefits may be missing from the analysis. These include greater human capital formation as a result of raising expected returns from education and the diaspora effect which includes access to networks of emigrants abroad that can lead to enhanced trade and investment.

Table 4. Annual Losses to CARICOM States Due to High-Skilled Migration to the United States (as a percent of GDP)

	Emigration Loss*	Remittances**	+ / -
Antigua and Barbuda	7.0	3.0	4.0
The Bahamas	4.4	n.a.	(4.4)
Barbados	8.4	2.3	(6.1)
Belize	5.7	4.7	(1.0)
Dominica	5.5	8.4	2.9
Dominican Republic	0.9	5.3	4.4
Grenada	7.8	11	2.2
Guyana	6.1	1.9	(4.2)
Haiti	5.9	10.0	4.1
Jamaica	12.7	7.4	(5.3)
St Kitts and Nevis	5.5	6.9	1.4
St Vincent & the Grenadines	7.1	7.2	0.1
St Lucia	3.1	4.0	0.9
Trinidad and Tobago	8.9	0.3	(8.6)

* Includes educational expenditure by the state for and assumes labour elasticity rate of 0.4, age at migration of 16 or more years with secondary or tertiary education.
 ** Average 1980 - 2002

Source: Mishra (2006).

From the Caribbean perspective, in order to reduce the losses from highly skilled worker migration, the available options for governments seem to be a) place quantitative restrictions on emigration, b) reduce social spending on education, or c) improve and expand diaspora benefits, including managed migration to enhance the return of skilled workers and entrepreneurs. The first option would be both costly to implement and frustrate individual rights to self-determination (Lowell, Findlay and Stewart, 2004: 13). The second option would harm those who remained as well as those who emigrated and would not likely be popular among local voters. Therefore, this paper focuses on the third option as a way forward for policy planners. However, the possibility of reforming tertiary education funding to include economic needs tests or student loans should not be discarded as a policy option.

The Prospects for Transformation from Brain Drain to Brain Circulation

Skeldon (2005: 5) notes that the international dialogue on south-north migration has changed in recent years. Originally, emigration of the highly skilled was presented in negative terms: "[T]he exodus of the skilled depriv[ing] countries of origin of the human capital they needed in order to develop." Today the issue is framed in more guardedly positive terms that focus on the possible synergies between migration and development. Analysts such as Solimano (2006: 22) note that "the emigration of talent can also have a positive effect for the source countries as well in terms of remittance flows, mobilization of fresh capital accumulated by the emigrants when they return home, exposure to new technologies and managerial techniques [and] contacts abroad... ."

This potentially positive correlation is consistent with liberal economic theories that the free movement of factors should raise total world output (noted by Winters et al., 2002) and the international movement of human capital should be encouraged since it reflects a free choice of the individual who is migrating. On the other hand, the proponents of brain circulation have not fully made the case for migration and development. Kuznetsov and Sabel (2006) argue that the focus on the positive effect of remittances on development is misplaced. They are "somewhat skeptical that remittances and other financial transfers can ever have a significant development impact, although they are certainly an important tool of poverty alleviation" (Kuznetsov and Sabel, 2006: 4).

As previously discussed, migration induces a number of negative externalities such as losses in domestic productive

capacity and public subsidies for migrants' education. Even though funds may be returned to the home country through remittances, such transfers do not go back to government treasuries for equitable redistribution but to the family of the remitter and only a small percentage returns to the state through taxes. Remittances can exacerbate income inequalities within source countries and put added pressure on families to send loved ones abroad in order to keep up with the neighbours. Similarly, when subsidies come from the public purse to educate those who are likely to emigrate, this amounts to a redistribution of income from families not receiving remittances to those who do.

The question then, is how to reduce the negative externalities of migration including workforce and education costs and find ways to channel the positive externalities towards source country development. There are positive examples in India and China but, as Kuznetsov and Sabel (2006: 14-5) note, there were specific national factors contributing to a higher than average propensity for return migration in the first instance and diaspora support in the second. In the case of China, the Chinese diaspora built up successful business and trade networks throughout Asia during the Communist era. When China moved from isolation and autarky with Deng Xiaoping's open door policy in 1978, the Chinese business diaspora was welcomed and benefited from cultural ties and proximity. Multinationals were eager for opportunities afforded by the huge market/low-cost location but sought to reduce risk by partnering with members of the Chinese diaspora who were "indispensable to navigating an opaque political environment" (Ibid.).

In the case of India, diaspora success was the result of economic learning through service provision in global supply chains. Outsourcing from high technology multinationals to India was leveraged into local expertise. Indian entrepreneurs abroad built on this expertise and established successful enterprises in their home country. As a result, the Indian software industry grew by 40 per cent a year in the 1990s. As Kuznetsov and Sabel (2006: 15) note, "success in outsourcing low-level business services can be a building block for higher value-added services." The Indian success was also facilitated by such domestic policy measures as public investment in technical education, relaxed labour regulations for the software industry. The Indian success also benefited from a certain degree of luck related to the timing and duration of the global technology boom and a labour shortage in United States. The shortage was partly triggered by the Y2K crisis and the dot com bubble. However, return migration was facilitated when demand dried up with the end of Y2K crisis and the technology bust that hit the United States.

Even when remittance flows generate positive income gains for a state, it remains an open question as to whether this income will contribute to meaningful economic development. Ellerman (2006) argues that if a country's economic development is dependent on a continuing inflow of remittances from abroad, then this does not constitute real development but simply a new form of dependency. He likens this situation to a poor state that discovers oil and shares the proceeds of the sale with the citizens but does not invest in new infrastructure or measures to stimulate domestic investment or productivity. Increased migration decreases the pressure for reforms because remittance income improves the economic fortunes of certain citizens and decreases the pressure to improve the domestic business climate (Ibid.: 2, 31). Without domestic reforms, it is impossible to induce skilled workers and entrepreneurs to return and invest in productive enterprises in the source country. They are more likely to stay away and continue sending money home, thus the possibility of remittance dependence is high.

Armenia is an example of diaspora development that should have taken off but did not. That country has a large and prosperous international diaspora.¹⁷ It was considered to be on the brink of success in the post-Soviet era because of generous remittances, good education and infrastructure, and global political influence. However, "despite - indeed partly because of - its diaspora Armenia was unable to realize its potential for rapid growth." Kuznetsov and Sabel (2006: 17) note that an entrenched domestic elite was the chief obstacle to development. They argue that the generosity of the diaspora provided the ruling elite with additional resources that allowed for the delay of necessary reforms despite extreme poverty and emigration of the most skilled. In the absence of reforms that would make Armenia attractive to productive investment, the diaspora transfers took the form of cash to family members and symbolic generosity such as the construction of theatres and opera houses.

Ellerman's (2006: 29) pessimistic view is that "there is nothing more permanent than temporary migration." He cites the examples of Turkish guest workers in Germany who were not inclined to return home with skills and capital for domestic development and their temporary work abroad became a way of life. Similarly, migrants from Asia to Gulf States are deemed to be temporary because each work term is time limited and workers are not permitted to migrate. However, since there is no limit to the number of terms a worker can be employed or to the number of years s/he can remain outside the state, work abroad becomes a way

of life (Ibid.: 30). This problem speaks to some of the fundamental differences between north-north migration, that is migration between states of similar levels of development, and south-north migration where the disparities between sending and receiving states are high. Historic examples of north-north migration reflect waves of economic migration to relieve short-term stresses such as failed crops or to pursue economic booms of limited duration, such as the California gold rush (Ibid.: 29). But these push or pull factors were limited in time and scope and did not perpetually draw from the source country once the initial disequilibrium was balanced. The lesson from these examples is that source countries must find ways to improve the attractiveness of return migration. Even if the wage gap cannot be completely closed, political stability, economic opportunity, improved infrastructure and familial and cultural ties can all help to increase the propensity to return.

The psychology of emigration can support the propensity to return home but it can also work against it. If workers come home before retirement age, they may be branded as failures. Workers who do return after retirement may invest in a business at home but it is likely to be a small service enterprise such as a guest house or taxi that duplicates existing businesses rather than an innovative enterprise that will stimulate employment and new forms of productive capacity (Ellerman, 2005: 618).

Even if emigrants return through after a term of temporary employment abroad, will they have the investment, know-how and international networks to contribute to development in a positive way? Solimano notes that there are important benefits to be gained from the return of any highly skilled workers. For example, return of scientific personnel help to improve the capacity for domestic innovation and research. However, Solimano (2006) also observes that if the intention is to jump start economic development, then the greatest focus should be put on attracting entrepreneurs back to the home market but, since, entrepreneurs are highly sensitive to margins of profit and risk, domestic reforms may be necessary to induce migrant entrepreneurs to return.

Avoiding Remittance Dependence

Even though remittances now rival or exceed official development assistance and have increased living standards of sending countries, remittances are no guarantee of economic development that is sustainable without further remittances (Ellerman, 2005: 18). There are a handful of cases of temporary migration schemes that spark meanin-

¹⁷ Of an estimated 9 million Armenians worldwide, only 3 million live in Armenia.

gful development in the sending country, but in the majority of cases, temporary migration becomes institutionalized and there is evidence that export of labour can become development trap. The central point for development is that emigration cannot be stopped but the policy emphasis should be placed on encouraging return migration of those who are willing to come back and maximizing the development contributions from the diaspora community abroad.

Recognizing that a certain number of people will seek better opportunities abroad in spite of best efforts at reforms and improvements at home, government such as India and the Philippines have taken a proactive stance to stimulate the monetary and non-monetary ties of their expatriates working abroad. These include the special bond issues for domestic infrastructure projects, and cooperative arrangements with international donor agencies to facilitate the use of expatriates in place of foreign consultants in domestic development projects in order to save money and strengthen expatriate ties to home communities.¹⁸

Caribbean Migration and Return

The emigration experiences of China, India, Mexico, Armenia, the Philippines and elsewhere tell a confusing story of how migration can contribute to development for some countries but produce little in the way of sustainable, economic development for others. Also implied from the foregoing examples is that even when there are positive economic returns, they may not compensate for social, cultural and familial costs. At the same time, if we accept the proposition that some level of emigration is inevitable in spite of the best efforts of home governments, then what lessons can be learned from the experiences of other states? Specifically, what conditions, policies, practices, etc. can and should be emulated in the Caribbean? Unfortunately, a comprehensive analysis of this kind is beyond the scope of this paper. Nevertheless, this section will begin the process by examining the nature of Caribbean migration and identifying areas where policy measures can increase the prospects for return of skills and investment as well as increasing the development gains from these returns.

The demographic analysis in this paper suggested that small states are particularly vulnerable to emigration losses. Research on small states confirms that out-migration is used a compensatory mechanism for lack of opportunities at home (Armstrong and Read, 1998: 568) but social psychology also plays a role. Historic waves of migration to fill labour market demands abroad have become institutionalized to an extent that migration is "embedded in the

Caribbean psyche" (Mishra, 2006: 12). Further, it cannot be understood simply as a one-way exodus but "a form of extended kinship over space and time with frequent rather than one-time movements" (Segal, 1996: 12). Studies on Caribbean nurse migration, for example, revealed considerable anecdotal evidence of serial migration where nurses chose to work abroad for short periods of time and then returned home until financial circumstances required a move abroad again (see Commonwealth Secretariat, 2005). With the increasing number of women who are both highly skilled workers and responsible for care of children and family members, it is likely that serial periods of employment abroad will be a strong preference in the future, rather than more permanent forms of migration that disrupt family and community ties.

What can be done to improve domestic conditions to make the prospect of return migration and or return investment more attractive to CARICOM nationals? The two obvious areas of operation are measures to improve the return on investment in the home country and improved linkages to diaspora networks and markets. Creating a more attractive environment for diaspora investment includes the usual prescriptions for attracting other forms of FDI such as infrastructure, rights of establishment, and a user-friendly legal and regulatory framework but it also includes individual inducements such as meaningful employment and educational opportunities.

In order to improve the return on investment in the Caribbean, Downes (2006: 35) recommends a focus on the productive capacity of the local workforce through overall restructuring of the Caribbean educational system. He emphasizes a focus on soft skills such as conflict management, interpersonal relationships, work ethic, time management, entrepreneurship and measures to boost workplace productivity. Downes (2006: 37) also recommends work to enhance the participation of the diaspora community in local development, regardless of whether community members intend to return home to stay. "In the same way that some Caribbean governments have established special arrangements to help with the return of migrants to their region, similar arrangements should be developed to take advantage of the human capital services outside of the region." The objectives of these national or regional diasporic institutes should include:

- Helping to channel remittances into local development;
- Helping to train Caribbean nationals as international services providers who can take advantage of the

¹⁸ Examples for leveraging remittances for development can be found in de la Garza and Lowell (2000).

expanded market access for services provided by bilateral and multilateral agreements;

- Promoting joint ventures and network opportunities between source and destination countries;
- Attracting diaspora investment and enhancing diaspora market demand for Caribbean products and services (Downes, 2006: 37-8). It is worth noting that members of the diaspora are the major consumers of Caribbean cultural exports. Revenue from exports of cultural products is estimated in the neighbourhood of US\$60 million p.a. for Jamaica and \$30 million p.a. for Trinidad and Tobago (Nurse, 2004: 6). The diaspora community also makes an important contribution to revenue from tourism and festival tourism.

Within CARICOM there have been various programs such as the Jamaican Returning Residents Programme and the Return of Talent Programme which have sought to provide incentives and support to reverse 'brain drain'. Such programs involve matching individuals abroad with opportunities at home and providing various supports to facilitate emigrant return. Further research is required to determine whether such support programs are cost effective. However, as Thomas-Hope (2002: 25) notes, it is the improvement of conditions in the wider social and economic environment that are the primary factors influencing the decision to return.

Finally, Downes (2006: 38) notes the importance of improving the quality of labour market data. Most of the data on Caribbean migration comes from census and immigration data from receiving countries. Thomas-Hope notes that migration records in the Caribbean were not taken seriously until the 1960s and 1970s when the number of middle-class, white colour emigrants increased dramatically. Until then, she adds, "the loss of labour was regarded as more of an advantage than a problem" (Thomas-Hope, 2002: 23). Given the institutionalization and proliferation of Caribbean emigration, it makes sense to invest in reliable information about who is leaving, where they are going and what they are doing. Through the development of an accurate, comprehensive database it would be much easier to determine how the efforts of Caribbean nationals abroad might be leveraged to improve conditions at home.

The International Policy Framework for Migration

The migration debate has moved beyond rhetoric and into local, national, regional, and international policy frameworks. Although these policies tend to lag behind reality, a review of policies affecting south-north economic migration can give us an idea of future planning and advocacy priorities. First of all, if Caribbean state planners accept, perhaps reluctantly, that a percentage of highly skilled workers will move and that there are financial and non-financial transfers that can be harnessed as a form of indirect compensation, the priority becomes what sort of policy measures can maximize the benefits for the sending states. As we have discussed, there are a number of policy measures that could be implemented by source countries to encourage return migration and diaspora engagement. There are also various external measures that could be taken to improve developed country market access for potential migrants. Improvements in market access that reduce waiting times, administrative costs, and underemployment improve the efficiency of migration and expand the resources that can be returned to home countries as remittances or investment. A number of market access considerations are outlined below.

Louka Katseli (2006: 5), director of the OECD Development Centre, argues that there is a lack of coherence among trade, economic and development policies pertaining to migration. If the Caribbean region represents a microcosm of the global situation, then given the difficulties of implementing labour mobility within the relatively small space of the Caribbean Single Market and Economy, it is not surprising that the international policy framework is so contested. The World Trade Organization (WTO) introduced labour mobility through the General Agreement on Trade in Services (GATS) in the coverage of movement of natural persons (Mode 4 service providers). The effective implementation of these measures has been practically non-existent as far as improving opportunities for workers from developing countries is concerned. However, the scope and scale of the WTO suggests that the organization it should not be abandoned as forum for discussion and debate on the issue. Straubhaar (2000) has even suggested that a General Agreement on Movements of People (GAMP) could be added to the WTO single undertaking. In practical terms, however, the most functional labour mobility agreements can be found at the regional and bilateral levels because, as will be discussed later, they can reduce barriers that are out of reach at the multilateral level. One such agreement is the Canadian Seasonal Agricultural Workers' Program which covers the movement of some 7000 to 8000 Caribbean workers per year.¹⁹

¹⁹ Mexico and Jamaica have been the two leading source countries for the Seasonal Agricultural Workers Program (SAWP), accounting for respectively 58 per cent (11,798) and 29 per cent (5,916) of workers in 2005. Trinidad and Tobago and Barbados are also important source countries (CIC, *The Monitor*, Quarters 1 and 2, 2006). Canada is duplicating many of the SAWP operating principles for application to temporary worker programs for other sectors and skill levels.

What Can the WTO Do?

International trade agreements that follow that GATS model on services regulation contain the seeds of international governance of labour mobility. The General Agreement on Trade in Services is structured according to four modes of services supply and Mode 4 refers to a service provider (natural person) who moves across a border to the territory of the service consumer. Currently, Mode 4 accounts for only about one per cent of services trade and this amount is almost entirely derived from highly skilled personnel as intra-company transferees. The reason for this small amount is directly related to the existing barriers preventing labour mobility. As mentioned earlier in this paper, liberalization by destination countries equivalent to 3 per cent of their workforce would create \$156 billion per year in extra economic welfare (Winters et al., 2002: 2; see also, Chaudhuri et al., 2004). These gains would be shared between developing and developed countries, but the greatest share of returns would be through unskilled labour mobility.

As with other WTO agreements the intention is to provide a balance of rights and obligations that provide equity to all members large and small, developed and less developed. In practice, of course, that equity is somewhat distorted in favour of larger, better developed economies. Nevertheless, any rules-based governance structure that attempts to reduce market distortions, and impose greater predictability on international commercial activity is better than none at all. With respect to Mode 4, it seems, on the surface, to provide opportunities for developing countries to exploit a comparative advantage through the export of lower priced, skilled labour. A good example of this is the Indian software industry where about 60 per cent of exports are supplied through the temporary movement of programmers (2000 figures; see Mattoo, 2000). In practice, however, the benefits of GATS Mode 4 to developing countries are limited by several of factors.

First, the legal text applies to inter-company transferees (i.e. persons employed by a branch plant in their country of origin and transferred to another branch or home office in another country), self-employed persons, or employees of a contract service provider based in the country of origin. In other words, job seekers or those seeking citizenship are not covered under GATS Mode 4. Also, the GATS is intended to cover only temporary movement.²⁰

Secondly, most favoured nation (MFN) treatment opens the door to the world. Liberalization of markets, including labour, within the WTO system takes place on an MFN basis. Therefore, when the US opens its door for tiny Grenada, it must also treat China and India accordingly. Therefore

the niche advantages of small more developed countries may be overwhelmed by the sheer number of competitors from larger developing countries. Similarly, while some developed country trading partners might be willing to open their markets to smaller countries on a trial basis, the risk of labour market disruption escalates beyond politically acceptable levels when MFN treatment extends the preference to larger developing states as well.

Thirdly, once the door is open, it cannot be shut without difficulty. A central feature of the WTO system is that it is designed to build up incrementally greater levels of market access and prevent backsliding. Therefore, once a country has set a particular level of market opening, this level of liberalization is bound against future closures. That is, a country agrees that in the future it will either liberalize more or stay the same but it will not reduce the level of market access it has committed to provide.²¹

Finally, the GATS is designed to regulate market access and not the rights and obligations of those providing or receiving the services. Therefore, the potentially negative effects of migration on source countries and the treatment of workers within destination countries are 'process standards' that are out of reach of WTO agreements. Except for a few measures such as ban on goods produced by prison labour, the GATT and then WTO system has a strong bias in favour of regulations that focus on the status of end products, not the antecedent processes leading up to them. This has contributed to recent debates about permissible restrictions on production processes that contribute to such ills as environmental damage and abusive labour practices.²²

To avoid the inflexibilities of MFN treatment and locked-in liberalization, bilateral labour agreements may offer a superior interim solution until the multilateral system is better equipped to manage global movements of people. Bilateral labour agreements provide a way to limit duration and scope of labour mobility so that there is a real opportunity to assess the costs and benefits of temporary migration

²⁰ There is no definition of what constitutes temporary in the agreement.

Governments tend to allow those classified as business visitors to remain for a few months while intra-company transferees may remain up to five years.

²¹ In goods trade, unanticipated import surges which are the result of fair trade but cause damage to domestic markets nonetheless can be covered by safeguard measures which permit temporary market restrictions. If one were to imagine a WTO-type agreement governing future mobility of labour, a safeguard option may provide labour importers with an important tool of risk mitigation. To date there is no GATS safeguard mechanism although discussions continue toward this end. As Pierre Sauvé (2002: 304) notes, "In the case of emergency safeguards and subsidies, problems have arisen from the sheer technical complexity inherent in developing disciplines in hitherto uncharted waters."

²² See, for example, Maskus (1997). In this paper Maskus argues against the inclusion of core labour (process) standards within WTO regulatory reach but argues in favour of strengthened ILO powers to improve adherence to minimum standards.

on the source and destination country. From the perspective of the receiving country, limited scope agreements provide the flexibility of closing the door after a particular labour market shortage recedes. For the sending country, limited term labour agreements should make it easier to promote return migration and brain circulation together with opportunities to specify the rights and obligations of service providers and receivers.

Because of the limitations in scope and duration, bilateral agreements are better able to govern the movements of workers by providing the sending and receiving countries with opportunities to opt out at relatively low cost if expectations on either side are not met (Development Research Centre on Migration, 2005). However, bilateral labour agreements should not be interpreted as one-sided efforts that allow wealthy countries to catalogue shop for cheap labour and return them when finished. Rather, it is the sending countries are becoming more aggressive in their pursuit of bilateral labour agreements that include not only guaranteed market access but a variety of rights and protections for their workers abroad.²³

While bilateral and regional agreements permit progress that is targeted but of limited scope, we should not leave aside the WTO as a complementary track for improving labour mobility governance and opportunities. Katseli suggests that an expanded agenda for Mode 4 should include consideration of the following:

- 1) optimal length of Mode 4 contracts;
- 2) terms and conditions of employment in the host country including length of stay, remuneration and working conditions;
- 3) structure of incentives to ensure worker return after the completion of contracts abroad; and
- 4) methods of ensuring that employers cycle short term workers in and out rather than finding loopholes to keep workers longer. (Katseli, 2006: 4)

Successful efforts at temporary migration require active participation and commitment on the part of employers in the receiving country. They would also require an enhanced Mode 4 agreement that would include process standards and goes beyond the preference evident in most other WTO agreements to regulate the exchange at the border

and leave whatever happens before or after the exchange to other regulatory devices. Nevertheless, an enhanced Mode 4 agreement provides opportunities for risk-sharing among destination country employers and source and destination country governments. While formal negotiations on Mode 4 probably premature, it would be useful to initiate a policy dialogue among stakeholders "to explore the conditions under which contract service provision could allow receiving countries to better manage migration flows and sending countries to profit from labor circularity" (Ibid.: 5). While working globally, however, it is important to also focus on more localized barriers that may be out of the reach of multilateral agreements. These include recruitment bans, problems in recognizing professional certification and visa issues.

Recruitment Bans

Since recruiters are often used to facilitate the employment and immigration process, international labour recruitment can be considered a pull factor, although recruitment is only effective in combination with other factors such as wage differential and destination country demand. For destination country employers, recruiters provide access to skilled and willing labour pool. For workers, recruiters may be a conduit to employment and offer a fast-track through the administrative barriers of international migration. Among reputable recruiters, fees are paid only by employers, not the workers themselves, however the recruitment industry is rife with less reputable service providers who charge exorbitant rates or mistreat workers in other ways. Although there are some recruitment codes originating in destination countries, such as the Commonwealth Code of Good Practice for the International Recruitment of Health Workers, there is no designated international body that regulates or monitors international recruitment activities, although recruitment standards may be built into bilateral labour agreements.

Some of the problematic elements of recruitment can be located in exploitative practices of some (although by no means all) recruiters but the very fact of developed countries recruiting from the developing world has become cause for concern. Charges have been levelled against developed countries for 'poaching' workers and contributing to deterioration in critical sectors of source countries such as health care and education. In order to shield themselves from criticisms of contributing to brain drain, some developed countries have self-imposed bans on health care recruitment from developing countries. However, aside from soothing the conscience of developed country policy makers, such bans do little not stop the exodus of developing country health care workers, it merely diverts them to other count-

²³ For example, provisions to respect the rights of migrant workers that have been introduced through the Philippines various bilateral agreements have now been more broadly implemented through the Association of Southeast Asian Nations (ASEAN) Declaration on the Protection and Promotion of Migrant Workers' Rights accepted in January 2007.

ries or to other professions such as domestic care which has lower wages and, often, poorer working conditions.²⁴

Professional Certification

For highly skilled workers, source country recognition of education and professional credentials is an important determinant of whether they can work abroad in their chosen profession. While multilateral and regional trade agreements have been paying increasing attention to creating cross-border labour market access for skilled professionals, such market access has no effect unless the professional licensing bodies in the destination country recognize the person's foreign education and professional certification as equivalent to their own.

For example, since the NAFTA was introduced more than a decade ago only a handful of professions have been granted mutual recognition by Canada, Mexico and the United States.²⁵ One reason for the slow pace is because professional certification bodies are usually self-regulating and are run by individuals already inside the profession. Thus, they have an interest in protecting their domestic market with high barriers to entry so that wages for existing members stay at a premium. Because of demands by employers and complaints by underemployed immigrants, destination country governments have begun to introduce measures to speed up and expand local recognition of foreign credentials. In Canada, for example, the lack of recognition of foreign credentials may be costing the economy upwards of \$2 billion per annum (Reitz, 2005: 3). Another reason for delays is that multiple levels of government are often involved with international labour or trade agreements negotiated at the national level and professions regulated at the state or provincial level. Recently, some Canadian provinces have begun to implement legislation to streamline the certification process. For example, Ontario's *Fair Access to Regulated Professions Act*, which came into force in December 2006, requires the province's thirty-four regulated professions in the province to utilize registration procedures that are fair, transparent and expeditious.²⁶ Provinces are also providing a greater range of support programs to assist newly-arrived workers.

Visa Issues

Among developed countries, there are two distinct tracks for legal entry of persons who intend to work within the territory - permanent migration and temporary migration. The queue for permanent migration is long and many are turned away. However, once someone is admitted as a

permanent resident, employment issues, social services, spousal employment, family reunification, etc. become relatively routine from an administrative standpoint.

With temporary, employment-related migration, initial access to the new country is not difficult to achieve if the worker is in a high-demand profession but the rights of a temporary worker within the destination country are severely constrained. For low-skilled workers, they will likely be alone in the new country since spousal employment is prohibited and the cost of housing and educating children is prohibitive without social supports or middle-income wages. For higher-skilled workers the situation may be more positive since some jurisdictions offer the possibility of spousal employment for workers in high demand professions, and higher wages in this skill class makes it possible support dependent family members in the new country. One limitation that is shared by both the higher-skill and lower-skill temporary worker, however, is the lack of opportunity to migrate permanently once admitted as a temporary worker. Few of the temporary worker programs in the United States, Canada or the United Kingdom provide for an easy transition from temporary to permanent resident.²⁷

Temporary visas for workers are easily obtained during periods of generalized worker shortage or for regions where such shortages are ongoing. In Canada, the number of temporary entries is flexible and determined in consultation between employers in high-demand professions and federal and provincial labour authorities. In the United States, the number of visas for professional temporary workers (H-1B) is fixed by annual quotas that have been reduced as a result of post-9/11 security concerns. As well, all professions, from computer programmers to registered nurses, must compete for the limited number of H-1B visas. In 2006, the base quota of 65,000 was exhausted in the first two months of the year.

Some regional trade and integration agreements such as the NAFTA, US-Chile, and US-Singapore agreement provide enhanced access outside of regular visa programs, but

²⁴ Bevan (2005) argues that the United Kingdom ban on recruiting nurses from developing countries has been rendered ineffective by the use of third-party recruiters by the National Health Service and by hiring nurses from banned countries who have entered the UK to work in other occupations.

²⁵ Mutual recognition agreements have been made at the national level for architects, accountants and engineers, however, some have not been accepted by sub-national regulatory bodies. Land surveyors, for example, have been working on a draft MRA since 1996.

²⁶ Details about the Act are available on the Province of Ontario website: <<http://www.citizenship.gov.on.ca/english/about/b080606.htm>>.

²⁷ In Canada, only the Live-In Caregiver Program offers the opportunity for workers to apply for permanent residency, and subsequently sponsor family members for citizenship, after two years of employment in Canada. Many destination countries also allow for an extension of student visas to permit a period of work practice in the country of graduation.

these tend to cover the movement of highly skilled professionals only and, even then, the ability of these professionals to work in the partner country may be restricted by local certification bodies, as discussed above.

For individuals attempting to improve improved access into developed country labour markets, the obstacles can be formidable. In the areas of recruitment, visas, and professional certification, there is a role for international advocacy and lobbying at the inter-state level. At the same time, diplomatic attempts to facilitate market access for emigrating nationals can be combined with attempts to formulate cooperative programs that reduce the net outflow of resources from developing to developed country. The notion of direct compensation for source countries of destination countries through some form of head tax would first of all be impossible to administer. For example, if a worker from Jamaica went first to Canada and then to the United States, which destination country would be responsible for paying the tax? Secondly, as Ellerman (2006: 22) argues, the very concept of compensation suggests that "citizens are 'owned' by their home country and that the home country is therefore due compensation when they migrate." Rather, destination countries should be engaged in a partnership with developing countries to ensure that south-north migration is sustainable for all concerned. Some elements of this partnership could include:

- foreign aid transfers to help shore up depletions to key sectors;
- joint ventures in education programs to help to ensure sufficient educational opportunities in source countries as well as increased knowledge of, and preparation for, destination country occupational requirements.²⁸

In the case of the Caribbean, such cooperation could be enhanced by the strong cultural ties with Canada, the United States and the United Kingdom, and the desirability of the Caribbean region as a destination for tourism, education and investment.

Conclusion

The question is no longer how to stop brain drain. Globalized production chains, the demand for labour in OECD states, and the wage differential between developing and developed states make this a moot point. However, we

cannot accept that there is an automatic linkage between remittances and economic development for developing countries. Even in countries that make relatively low levels of social investment in their citizens' remittances alone do not fully 'compensate' for economic losses in workforce capacity or social losses to families and communities. Among the CARICOM states, the losses are even more acute because of the high level of public investment in tertiary education and the high propensity of individuals with college and university training to seek their fortunes abroad.

The current thinking on migration advises us to focus on managed temporary movement programs and engagement of diaspora communities to promote brain circulation and prevent remittance dependence. We know from international studies that, to be successful, these types of return investment depend not only on appropriate reforms in the home market but also on the social or cultural psychology of the emigrant community. If it is true that Caribbean nationals are indeed swallows who by nature are driven to return to their place of birth, then one of the larger obstacles is already overcome and important advances can be made through national, regional, and multilateral policy advocacy and reform.

²⁸ Managed migration is a theme that has captured the imagination of the international community but has few concrete examples of good practice. A proposal for a managed migration for Caribbean nurses coming to Canada is contained within Commonwealth Secretariat (2005); see also, Dawson (2006).

ANNEX: Reference Tables

Table i. Population of CARICOM States- (000 persons)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Antigua and Barbuda	68	70	71	72	74	75	76	78	79	80	81
The Bahamas	274	279	284	288	293	297	301	306	310	314	319
Belize	208	214	220	225	231	237	242	248	253	259	264
Barbados	261	262	263	264	265	265	266	267	268	268	269
Dominica	74	75	76	76	77	77	78	78	78	78	79
Grenada	99	99	100	100	101	101	102	102	102	102	102
Guyana	730	732	734	737	739	741	744	746	747	749	750
Haiti	7484	7622	7764	7909	8056	8205	8357	8511	8668	8827	8988
Jamaica	2460	2484	2507	2528	2548	2567	2585	2600	2614	2627	2639
St Kitts and Nevis	40	40	40	40	40	40	40	41	41	42	42
St Vincent & the Grenadines	112	113	114	114	115	115	116	117	117	118	118
St Lucia	146	148	149	151	152	153	154	156	157	158	159
Montserrat											
Suriname	412	415	418	422	426	430	434	437	441	444	446
Trinidad and Tobago	1251	1259	1266	1271	1276	1280	1285	1289	1293	1297	1301

Source: UN-ECLAC. Selected Statistical Indicators of Caribbean Countries, various years.

Table ii. Population Growth Rates of CARICOM States - (%)

	1985-1990	1990-1995	1995-2000	2000-2005	2005-2010*	2010-2015*	2015-2020*
ANT	-0.1	1.9	1.9	1.3	1.2	1.1	1.0
BAH	1.8	1.8	1.5	1.4	1.3	1.2	1.1
BBD	0.4	0.4	0.3	0.3	0.2	0.2	0.2
BEL	2.6	2.8	2.5	2.2	1.9	1.6	1.4
DOM	-0.4	0.8	0.7	0.3	1.1	0.9	0.7
GDA	0.7	0.6	0.4	0.3	1.4	1.4	1.4
GYA	-0.7	0.1	0.3	0.2	-	-0.3	-0.5
HTI	2.5	1.9	1.8	1.8	1.8	1.6	1.5
JAM	0.6	1.0	0.8	0.5	0.4	0.3	0.3
SKN	-0.6	-0.2	0.1	1.1	1.1	1.1	1.0
SVG	0.9	0.7	0.5	0.5	0.5	0.4	0.2
SLC	1.7	1.4	0.9	0.8	0.8	0.8	0.6
MON	--	--	--	--	--	--	--
SUR	1.0	0.6	0.9	0.7	0.6	0.4	0.3
TT	0.6	0.7	0.4	0.3	0.3	0.2	0.1

* projected
 -- data not available

Source: UN-ECLAC. Selected Statistical Indicators of Caribbean Countries, various years.

Table iii. GDP per capita of CARICOM States - (dollars, constant prices)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
ANT	8327	7745	8095	8320	8521	8714	8698	8767	8912	9221	9589
BAH	14111	14475	14839	15328	16125	16528	16599	16495	16634	16643	16716
BBD	5583	5697	5859	6107	6468	6481	6610	6421	6434	6547	6842
BEL	2967	2906	2870	2898	2932	3112	3436	3513	3599	3845	3940
DOM	2740	2757	2817	2849	2906	2935	2959	2826	2678	2677	2753
GDA	2932	3008	3141	3293	3546	3778	4032	3827	3841	4126	3989
GYA	675	707	754	799	783	810	797	813	820	813	824
HTI	394	425	434	438	439	443	439	426	417	411	390
JAM	2932	2980	2958	2904	2846	2852	2853	2879	2895	2946	2960
SKN	6305	6537	6982	7507	7578	7837	8137	8236	8230	8312	8743
SVG	2363	2544	2565	2625	2747	2853	2889	2899	2996	3103	3253
SLC	3978	4020	4090	4037	4251	4315	4434	3978	4023	4164	4280
MON	--	--	--	--	--	--	--	--	--	--	--
SUR	1693	1728	1732	1755	1791	1732	1785	1875	1897	1999	2139
TT	4356	4499	4791	5137	5534	5957	6347	6590	7089	8013	8508

-- data not available

Source: UN-ECLAC. Selected Statistical Indicators of Caribbean Countries, various years.

Table iv. GDP Growth Rate of CARICOM States - (% constant prices)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
ANT	6.2	-5.0	6.7	4.9	4.4	4.1	1.5	2.3	3.0	4.7	5.2	5.6
BAH	3.1	4.4	4.2	4.9	6.8	4.0	1.9	0.8	2.3	1.4	1.8	2.7
BBD	4.6	2.4	3.2	4.6	6.2	0.5	2.3	-2.6	0.5	2.0	4.8	3.9
BEL	0.2	0.7	1.4	3.6	3.7	8.7	13.0	4.6	4.7	9.2	4.6	3.1
DOM	2.2	1.6	3.1	2.0	2.8	1.6	1.3	-4.2	-5.1	0.1	3.1	3.6
GDA	3.3	3.2	5.0	5.4	8.2	7.0	7.0	-4.9	0.4	7.5	-3.0	5.2
GYA	8.4	5.1	7.0	6.2	-1.7	3.8	-1.4	2.3	1.1	-0.7	1.6	-3.0
HTI	-11.9	9.9	4.1	2.7	2.2	2.7	0.9	-1.0	-0.3	0.4	-3.5	1.8
JAM	2.0	0.9	2.6	0.2	-1.0	-1.2	1.0	0.7	1.5	1.1	2.3	0.9
MON	--	--	--	--	--	--	--	--	--	--	--	--
SKN	5.5	3.6	6.7	7.4	0.9	3.6	4.3	2.0	1.0	2.2	6.5	7.0
SLC	1.9	2.3	2.8	-0.4	6.2	2.3	3.6	-9.6	1.9	4.3	3.6	7.3
SVG	-2.9	8.3	1.4	2.9	5.2	4.4	1.8	0.8	3.9	4.1	5.4	2.8
SUR	-3.3	2.8	1.1	2.2	3.1	-2.4	4.0	5.9	1.9	6.1	7.7	5.7
TT	3.6	4.0	7.0	7.7	8.1	8.0	6.9	4.2	7.9	13.4	6.5	7.0

-- data not available

Source: UN-ECLAC. Selected Statistical Indicators of Caribbean Countries, various years.

Table v. Flows of Migrants into the United States, by Country of Birth

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Barbados	897	734	1043	829	726	720	783	910	817
Dominica	507	591	797	746	283	41	96	93	148
Grenada	595	583	787	757	655	667	655	645	636
Guyana	7662	7362	9489	7257	3963	3300	5746	8308	9962
Jamaica	14349	16398	19089	17840	15146	14733	16000	15393	14898
Saint Kitts and Nevis	370	360	357	377	405	463	504	466	343
Saint Lucia	449	403	582	531	509	529	601	678	586
Trinidad & Tobago	6292	5424	7344	6409	4852	4283	6660	6665	5771
Other CARICOM	2616	2212	2847	2562	2029	2094	2701	3139	2809
Total CARICOM	33737	34067	42335	37308	28568	26830	33746	36297	35970
All migrants (000s)	804.4	720.5	915.9	798.4	654.4	646.6	849.8	1064.3	1063.7

Source: Table 3, 2002 Yearbook of Immigration Statistics, US Office of Immigration Statistics, Department of Homeland Security.

Table vi. US - Total Overseas-born Persons by Country of Birth, 2000

Country	Total immigrants and non-permanent residents
Barbados	34976
Guyana	125905
Jamaica	465907
Trinidad and Tobago	119657
Other Caribbean states actual*	155183
Estimated stock for Dominica	12555
Estimated stock for Grenada	22738
Estimated stock for St. Kitts and Nevis	13859
Estimated stock for St. Lucia	18510
Total of Caribbean countries	901628

* Excluding Hispanic countries, Dutch West Indies, and Haiti.

Source: US Census Factfinder Summary File 4, PCT 48.

Table vii. Flows of Migrants Entering Canada by Country of Birth

Country	Pre 1961	1961-1970	1971-1980	1981-1990	1991-2001	2000	2001	2002	2003
Barbados	1190	4635	4680	2185	1960	126	140	122	76
Dominica	80	460	765	710	680	69	74	59	64
Grenada	100	1080	1975	1955	3170	360	337	248	215
Guyana	1315	7420	24110	27045	23640	1335	1740	1502	1442
Jamaica	2790	17030	41290	28210	30890	2464	2781	2479	2008
Saint Kitts and Nevis	125	730	920	465	235	13	10	8	12
Saint Lucia	80	525	820	735	845	90	117	79	87
Trinidad and Tobago	1095	12465	18635	13340	18605	922	934	954	726
Other CARICOM	575	2345	4020	3270	3580	342	353	299	245
Total CARICOM	7350	46690	97215	77915	83605	5721	6486	5750	4875
All migrants (000s)	894	746	936	1041	1831	228	251	229	221

-- data not available

Source: Statistics Canada.

Table viii. Canada - Overseas-born Persons by Country of Birth, 2001

Country	Total immigrants and non-permanent residents
Barbados	15005
Dominica	2825
Grenada	8975
Guyana	84160
Jamaica	121795
Saint Kitts and Nevis	2495
Saint Lucia	3245
Trinidad and Tobago	65145
Other Caribbean Commonwealth States	14750
TOTAL	318395

Source: Statistics Canada, 2001 Census files.

Table ix. UK - Total Overseas-born Persons by Country of Birth, 2001

Country	Total immigrants and non-permanent residents
Barbados	21601
Dominica	6739
Grenada	9783
Guyana	20872
Jamaica	146401
Saint Kitts and Nevis	6519
Saint Lucia	8265
Trinidad and Tobago	21283
Other Caribbean Commonwealth States	23081
TOTAL	264544

Source: Office for National Statistics, United Kingdom.

Table x. Flows of Migrants into the United Kingdom by Country of Birth

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
BBD	60	80	70	70	80	55	100	65	95	115
JAM	1250	1270	1280	1400	1420	1030	1120	1060	2095	2850
TT.	230	270	380	360	340	280	320	280	490	365
Carib..	1540	1620	1730	1830	1840	1365	1540	1405	2680	3330
World (000s)	52.6	55.6	55	55.5	61.7	58.7	69.8	97.1	125.1	106.8

Note: The inflow data shows "grant of settlement." People granted settlement are those who are subject to immigration control but who are allowed to remain in the UK indefinitely. This includes a) people granted settlement on arrival at ports of entry and b) people initially admitted to the United Kingdom subject to a time limit which was subsequently removed on application to the Home Office.

Source: Home Office, Government of the UK, reproduced in *Migration Information Source* by Migration Policy Institute, Washington DC.

Table xi. Movements of Caribbean Commonwealth-born People into and out of the UK

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Inflow	2900	2900	4400	4300	5600	6100	6300	3300	5400
Outflow	3900	2800	1400	3100	2000	2700	2500	2500	1900
Balance	-1100	100	3000	1200	3600	3500	3800	800	3400

Note: some numbers reflect rounding error.

Source: Table 2.3 Series MN no. 29, Migration Statistics Unit of the Office for National Statistics, United Kingdom.

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CIGI is located in the historic former Seagram Museum in Waterloo, Ontario, Canada.



The Centre for International
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