

A conversation with Dr. Michael Clemens on January 21, 2015

Participants

- Dr. Michael Clemens – Senior Fellow, Center for Global Development (CGD)
- Alexander Berger – Program Officer, US Policy, Open Philanthropy Project

Note: These notes were compiled by the Open Philanthropy Project and give an overview of the major points made by Dr. Michael Clemens.

Summary

The Open Philanthropy Project spoke with Dr. Clemens to get an update on a grant it made to CGD in March 2014 (<http://www.givewell.org/CGD-labor-mobility-grant>). Conversation topics included updates on two CGD working groups funded by the grant, CGD's work with the International Organization for Migration on Haiti, and Dr. Clemens' research priorities.

Dr. Clemens' current CGD projects

Recently, most of Dr. Clemens' time has been dedicated to three working groups and one study group:

- A working group on a bilateral labor agreement between the U.S. and Mexico. This project has been funded by Good Ventures' grant.
- A working group on creating a migration and development bureau within the U.S. government. This project has been funded by Good Ventures' grant.
- A working group on implementing global skill partnerships. This project is currently stalled, and it is unlikely that CGD will become involved in any global skill partnerships within the next year.
- The Beyond the Fence study group, focused on the indirect effects of the drug war in the U.S., Mexico and Central America. This group's work has been fairly light so far.

Bilateral labor agreement working group

CGD's working group on a bilateral labor agreement between the U.S. and Mexico will begin work this year. Several group members are finalized and CGD has verbal confirmation from a few others. CGD is still seeking to add technical experts from the World Bank who have previously worked on bilateral labor agreements.

The group will have a first meeting in May, from which a preliminary document will be drafted. The group's work will conclude with a second meeting in 2016, after which the group's co-chairs will work to promote the group's results.

The working group's product

The exact output that the working group will produce is itself a subject of discussion. It may decide to produce a document outlining particular features that a practical agreement would require and suggesting research needed. This could build upon current bilateral, interministerial cooperation happening between the U.S. and Mexico.

Improving on the H-2A program

A primary goal of this group is to design a better system for pairing migrant workers with employers than the current H-2A temporary agricultural worker program. Employers perceive the H-2A program as an obstacle. The U.S. Department of Labor could potentially create a pilot of a program that is instead a useful service for employers, similar to New Zealand's Recognized Seasonal Employer Work Policy or the work of CITA Independent Agricultural Workers Center.

Some problems with the H-2A program might be solved by more direct involvement in recruitment by the U.S. government. The Jamaican Ministry of Labor, for example, recruits workers in collaboration with a single recruitment service, which helps avoid the issue of recruiters taking illegal side payments or engaging in deceptive recruitment practices. The U.S. Department of Labor and the Mexican Ministry of Labor have signed an interministerial cooperative agreement to disseminate information to H-2A workers to help them avoid deception or overcharging by recruiters.

The North American Agreement on Labor Cooperation (NAALC), which recently closed its secretariat, was created as part of the North American Free Trade Agreement (NAFTA) to adjudicate labor disputes relevant to trade. The language of the mandate is broad enough to potentially include coordination on labor mobility.

Migration and development bureau working group

CGD's working group on creating a migration and development bureau within the U.S. government will also begin work this year. This working group has been delayed for four months while CGD waited for a finished framing document, the purpose of which was to compile an expert's knowledge of the U.S. government's migration and development-related policies.

Within the next few months, CGD will host a launch event to present the framing paper. The event will include discussants from sectors of the U.S. government that could potentially incorporate the new bureau. CGD hopes to identify a member of the U.S. government to spearhead the project, and to select working group members based on what that official needs (e.g., congressional staffers, additional research, or case studies of the migration policies of other countries).

The creation of this working group was partially motivated by the difficulty Dr. Clemens experienced in trying to find someone in the U.S. government to support the International Organization for Migration (IOM)'s Haitian migration project.

Update on IOM's Haitian migration program

Sarah Williamson (Protect the People) and her team have not yet finalized the employers who will participate in IOM's program to bring Haitian workers into the U.S. via the H-2A program. IOM plans to take leaders of Haitian agricultural associations on a "study tour" of American farms, with the hope that farmers will put in orders for Haitian workers after meeting these leaders in person.

CGD is preparing to run a survey to measure the effects of the program. Drazen Rozic (IOM) will draw survey participants from a list of 120 workers provided by Haitian agricultural associations. Dr. Clemens' research assistant will travel soon to Haiti to prepare for the survey. There will be three total visits, to:

1. Set up the infrastructure for the survey.
2. Perform the baseline survey
3. Perform an endline survey.

Dr. Clemens' research assistant will identify a control group for the survey with the help of Haitian agricultural associations.

Research priorities

Dr. Clemens hopes to complete and submit several unfinished academic papers in 2015. Some, but not all, of these papers have previously been released as working papers.

Paper on the effects of United Arab Emirates (UAE) jobs on Indians and their families

This research was the first to document the effects of jobs in the UAE on non-resident Indian workers and their families. India receives more money in remittances from Gulf countries (about \$30 billion annually) than it receives in total foreign direct investment.

A survey firm visited the homes of Indians who had applied to work in the UAE. If the applicant was currently working in the UAE, the enumerators asked their family:

- How much the applicant was earning (which CGD can compare with the UAE Ministry of Labor's records for how much the applicant ought to be earning, via the applicant's passport number).
- To rate the applicant's living and working conditions, relative to expected living and working conditions if the applicant had remained in India.

If the applicant was not working in the UAE, the enumerators asked the applicant himself what he believed he would be earning in UAE, and what working and living conditions would be like.

If answers from households with members working in the UAE differ from those of applicants who did not migrate, it suggests that the former have access to different information (i.e., first-hand stories from the workers) than the latter. The only previous rigorous research on this type of information difference is Dr. David

McKenzie's paper "A Land of Milk and Honey with Streets Paved with Gold," which evaluates Tongan emigrant workers in New Zealand and their families.

Families tend to accurately believe that relatives working in the UAE earn more than administrative data indicate. Workers' contracts often specify fewer hours of work than workers want, so they work informal overtime and are paid in cash. Survey data indicates that workers can earn up to an additional third of the income specified in their contracts in this way.

Dr. Clemens was also interested in testing for whether workers regretted their decision to emigrate. A potential metric for this would be the effect of having a family member who has previously migrated on a potential worker's likelihood of migrating (i.e., if workers regret their decision, they may be likely to discourage their relatives from migrating).

Dr. Clemens has presented a preliminary draft of this paper in several places and received useful feedback, including suggestions for incorporating new estimation tools for continuous instrumental variables and discrete outcome variables. It was also suggested that the paper be reframed to focus only on the identification strategy and estimated impacts. The paper will require about 2-3 weeks of dedicated work to finish.

Other unfinished working papers

- "The Place Premium," a well-received working paper that Dr. Clemens coauthored with Claudio Montenegro and Lant Pritchett.
- "Split Decisions," an evaluation of the impacts of migration on families of Filipino guest workers in Korea. Dr. Clemens used a regression discontinuity design to estimate the effects of migration on the families of applicants who barely passed or barely failed a required Korean language exam (and were able or unable to migrate as a result).
- "Skilled Emigration and Skill Creation." Dr. Clemens thinks this paper has many potential areas for improvement.
- "The Effect of Foreign Labor on Native Employment," which argues that foreign workers have little effect on employment opportunities for U.S. workers. Most previous literature on this issue has focused on the complementarity or complementarity of workers on the labor demand side, rather than on the labor supply side. This paper uses data collected by the North Carolina Growers' Association.

New research papers

Dr. Clemens has started work on two new research papers in 2015.

Paper linking the U.S. housing crash to increased homicide rates in Mexico

Beginning in 2007 and peaking in 2010, there was a large increase in the homicide rate in Mexico. The mainstream explanation for this increase is that Mexican

President Felipe Calderón's enforcement operations against Mexico's drug cartels increased their violent activity.

Dr. Clemens notes that the U.S. housing market crash occurred at about the same time as the increase in homicides. The housing market crash resulted in a sharp decrease in demand for construction labor in the U.S. As a result, a large number of unemployed young males returned to Mexico or remained in Mexico instead of emigrating, and may have provided an increased labor supply for cartels.

This paper's strategy would be to link U.S. state-level housing markets to levels of violence in Mexican states based on the rate of immigration between those particular Mexican and U.S. states. Since no systematic data has been collected on which U.S. states host immigrants from which Mexican states, Dr. Clemens used a database of IDs issued to workers by Mexican consulates in the U.S. (of which there are about 50 nationwide), which included bilateral counts by consulate in the U.S. and by the Mexican workers' municipality of origin. Statistics on Mexican homicide rates are also available at the municipality level. This research originated as part of the Beyond the Fence study group.

Paper on the immigration of unaccompanied minors

Dr. Clemens is interested in exploring the issue of unaccompanied minors emigrating from Central America to the U.S. There are currently difficulties with the empirical strategy for this research.

Other work

Dr. Clemens' aims to split his work time evenly between research and policy work, ideally reserving mornings for writing and research and afternoons for meetings and discussions with his working and study groups.

Dr. Clemens would like to write a book that brings together various types of research on immigration and labor issues (including research from his previous papers) to present a new vision of human movement. Dr. Clemens believes that such a book could be very beneficial. Some CGD staff members have suggested that the book be focused on individual narratives, which Dr. Clemens believes is difficult to do well.

Dr. Clemens' other work activities include:

- Involvement in CGD's internal process for peer reviewing papers.
- Occasional exploratory meetings.
- Social media. Dr. Clemens has 19,000 Twitter followers. Recently he has reduced his time spent on Twitter from one or two hours a day to 15 minutes or less.

Influence of Dr. Clemens' work

Dr. Clemens does not have a good metric for determining the influence of his work. His papers are frequently included in course syllabi, and two of his papers in

particular, “Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?” and “The Place Premium,” seem to receive significant attention.

All Open Philanthropy Project conversations are available at
<http://www.givewell.org/conversations>