

A conversation with Michael Clemens on 02/20/13

Participants

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Note: This set of notes was compiled by GiveWell and gives an overview of the major points made by the Michael Clemens.

Summary

Michael Clemens is an economist who studies the relationship between migration (i.e. the international movement of people) and development.

GiveWell spoke with Michael Clemens to learn about the issues surrounding migration. Some of the topics discussed were:

- Increased labor mobility as an excellent mechanism for increasing developing world citizens' incomes.
- The restrictiveness of the United States visa program for low-skilled migrant workers.
- The relatively recent change in the United States migration policy to allow low-skilled migrant workers from Haiti to obtain visas.
- Government-run migration programs outside of the United States.
- Examples of successful countries with large migrant populations.

Increased labor mobility as a neglected development opportunity

Country of birth as a source of inequality — Branko Milanovic at the World Bank studied a large data set of millions of people around the world and found that 60% of interpersonal variation of real incomes of individual people can be predicted by country of residence.

Migration as a development opportunity — Migration is a neglected mechanism to increase the wealth of people from poor countries. Historically, the United States' efforts to improve these people's economic welfare have been intra-national projects such as making microcredit available. However, increasing migration opportunities would have much higher returns than these efforts. Despite this, USAID doesn't have a division devoted to migration.

Examples of migration increasing incomes

- **India to UAE** — Clemens studied Indians who migrated to the United Arab Emirates (UAE) via a household survey of 7,500 families and found that those who migrated make 300% more money than a matched comparison group who stayed in India.
- **Tonga to Australia** — 1,600 people, mostly Tongans, participate in Australia's seasonal guest worker program, and each will make about \$12k. This number is many times larger than the average *household* income in Tonga (of \$1,400/year).
- **Haiti to developed countries** — According to a paper by Clemens and Lant Pritchett, over 80% of Haitians who have escaped from poverty have done so by leaving Haiti. All of the other development efforts in Haiti combined have only accounted for 20% of the total. Despite this, efforts to reduce poverty for Haitians have focused almost exclusively on those interventions that accounted for the 20%.
- **Tonga and Vanuatu to New Zealand** — David McKenzie and John Gibson evaluated New Zealand's guest work program by conducting four surveys of participants and non-participants at different times, and then using a differences in differences method. He found that the program was associated with a 30% increase in the workers' families' expenditures in their native countries, as well as increased likelihood that the workers' children graduate from high school.
- **Many countries to the United States** — Clemens, Lant Pritchett, and Claudio Montenegro have studied earnings of immigrants from 42 countries to the United States. They found that after living in America for 10-20 years, immigrants from most countries have only somewhat lower incomes than American born workers with similar age and education.

Migration to the United States

United States visas for low-skilled migrants

The United States offers two types of visas for seasonal low-skilled workers. One is the H-2A visa, which is designed for agricultural workers, and the other is the H-2B visa, which is designed for nonagricultural workers—mostly hotel and resort workers. There is no quota on the number of H-2A visas that can be granted, and the quota on the number of H-2B visas is 66,000 per year. Over the past few years, the quota for H-2B visas has not been met.

Barriers to hiring migrant workers in the United States

The number of migrants who get H-2 visas is much smaller than it could in principle be. A major reason for this is that there are very substantial bureaucratic hurdles that employers must clear in order to hire migrant workers. The North Carolina Growers Association is the largest user of the H-2A visa program. It brings roughly 15% of the total workers who obtain the visas. The association has many complaints about the program.

For farmers in North Carolina to hire migrant workers, they're required to:

- Post advertisements in American newspapers and at state unemployment agencies for two months.
- Hire any American applicants (except for those who are physically incapable of doing the work), even well after the growing season begins and they have already filled the positions with any foreign workers.
- Fill out a great deal of paperwork and pay fees.

The process has to be completed for every single worker hired (even if the employer is hiring migrant workers at scale) and every year (even if the employer has been hiring migrant workers for a long time).

The farmers who hire migrant workers are effectively required to pick the number of workers who they want to hire several months before they're able to assess how many they need based on weather conditions.

Because of the bureaucratic hurdles, people on H-2 visas represent less than 5% of manual seasonal labor done by non-U.S. citizens, and most manual seasonal laborers are unauthorized immigrants.

NAFTA and migration

The designers of the North American Free Trade Agreement (NAFTA) were explicit about omitting any provisions for migration, out of concern that including such provisions would prevent the agreement from passing. So there is no provision for the United States and Mexico to cooperate to facilitate the migration of Mexicans to the United States for seasonal labor.

CITA (Independent Agricultural Workers Center)

CITA is a non-profit organization in Yuma, AZ founded by Janine Duron, which aims to match Mexican farm workers with farms in the United States that need labor.

CITA's mission is driven in large part by a desire to offer Mexican migrant workers a safer passageway to the United States than they would have if they were to be

illegally smuggled into the United States. The smugglers (also known as “coyotes”) smuggle workers in unsafe ways that can result in the workers’ deaths.

While CITA has not been focused on the economic benefits of the program, those benefits have been very substantial. Each migrant makes roughly \$10k for his or her work. CITA is bringing 1,000 migrants to the United States per year, so their total earnings are \$10m. This is a very good return on the annual investment of \$200k-\$300k that CITA spends.

Benefits of migrant workers to America

A common concern that Americans have about migrant workers is that migrant workers might take jobs that Americans would otherwise have. In 2011 there were only 3 applications from Americans for the 1000 jobs that CITA matched migrant workers with, despite the fact that unemployment in America was high during that year. This strongly suggests that the low-skill agricultural jobs that Mexicans are interested in are not jobs that American workers would otherwise be doing.

More generally, there are many jobs that American employers need additional workers to fill, and if migrants were able to fill them then they would strengthen the American economy.

Migration from Haiti to America

After the 2010 Haiti Earthquake, the United States strengthened its navel blockade of Haiti to prevent Haitians from moving to the US. Together with others, Clemens worked to loosen the restrictions on a US visa program to allow more Haitians to move to the US legally as a part of the post-earthquake relief and recovery effort.

For historical reasons, before 2012 Haitians were not eligible for H-2 visas. After the earthquake, Clemens and his collaborators made a very substantial effort to make Haitians eligible for H-2 visas.

- They pointed out that that if 2,000 Haitians were to get H-2 visas every year, over the course of 10 years, the total amount earned by the migrant workers would be more than \$400m, a total exceeding the US relief emergency assistance after the earthquake.
- They had meetings with the staff from both Florida senators and several Florida Representatives, with the office of John Kerry, with the White House, the State Dept., with several non-governmental organizations and with the Haitian ambassador.
- In the end, they were able to get bipartisan support for the proposed policy change. Bill Nelson (a Democratic Senator from Florida) and Marco Rubio (a

Republican Senator from Florida) jointly signed a letter to Janet Napolitano (United States Secretary of Homeland Security) requesting that she make Haiti eligible for H-2 visas, and she implemented the change.

- Last year 58 Haitians obtained H-2 visas. The reason that more didn't obtain visas is the fact that there exists no mechanism to match US employers who need Haitian labor to Haitian workers willing to come to the US on an H-2 visa. No H-2 recruiters are currently active in Haiti, and none has yet been willing to become the first mover.

Potential for scale-up

The direct impact of changing migration policy so as to allow 2,000 Haitians to migrate to America each year is very small relative to the scale of poverty in Haiti (which has 10 million people). However:

- (i) Before the change, there were no legal migration opportunities for Haitians except for the very small fraction of Haitians who were university educated or who have close family members in the United States.
- (ii) The success of the effort serves as a proof of concept for other advocacy efforts. Before the policy change was secured, many people thought that it would be impossible given that it was an election year and that the US unemployment rate was as high as 10%. The fact that the change occurred despite expectations to the contrary raises the possibility that migration and immigration advocacy in general may be more impactful than has been thought in the past.

Migration to countries outside of the United States

Governmental support for migrant employment

Many developed countries contrast with the United States in that they have governmental programs designed to facilitate migration.

Each of Australia, New Zealand and Canada has a government program which interfaces with ministers of labor of the countries where migrants come from, in order to

- (i) Select migrant workers who are likely to obey the conditions of the visa.
- (ii) Match migrant workers with employers.
- (iii) Help migrant workers set up accounts to save money to send home.

The migrant workers are predominantly from

- Vanuatu and Tonga (in the case of Australia)
- Tonga and Samoa (in the case of New Zealand)
- Guatemala (in the case of Canada)

The Australian development agency has staff working on migration as a means of fostering development. Australian Aid (AusAID) funded a program called the Australian Pacific Technical College (APTC), which provides training to people from islands around Australia to learn to be high-end car mechanics or high-end chefs. AusAID's goal in funding APTC is to increase opportunities for people from developing countries to work in Australia. The college has four campuses: Samoa, Vanuatu, Fiji and Papua New Guinea. APTC has 4000 graduates.

Successful countries with large migrant populations

About 11% of the American population is foreign born. Those who are opposed to additional migration in the United States often voice concerns that if the migrant population were to rise substantially, the migrants' lack of common culture and transient presence would cause society to break down. However, there are many examples of well-functioning developed countries that have significantly higher migrant populations than the United States does:

- Australia's population is 24% foreign born, and Australia is beautiful and has low (5.6%) unemployment.
- Toronto's population is 45%-50% foreign-born, with the foreign-born population consisting primarily of people from developing countries. The city is safe, prosperous and culturally diverse.
- The UAE has a huge migrant population. About 85% of the population consists of foreign non-citizens, and about 98% of the private workforce consists of foreign non-citizens.
- Singapore, Saudi, Qatar and Kuwait also have heavy international labor forces.

Lack of permanent migration opportunities in these countries

While the countries listed above have very liberal policies for *temporary* migration, they tend to offer fewer opportunities for foreigners to permanently migrate to them and become residents.

Migration experts

Some migration experts who Clemens recommends that GiveWell speak with are:

- Dean Yang at University of Michigan. (Yang has done many relevant studies)
- Yaw Nyarko at New York University. He has coauthored papers with David McKenzie, has studied migration from Ghana, and is studying migration to the UAE.
- Mushfiq Mobarak at Yale University.
- Lant Pritchett at Harvard University.
- Janine Duron, Executive Director of CITA. Duron has a lot of direct experience with issues surrounding migration. Before working at CITA, she worked at the Employment Security office in Arizona counseling unemployed Americans about how to find work. Because she has this experience, so she can credibly vouch for the fact that (in the contexts in which she's worked) migrant farm workers are not displacing American workers to an appreciable degree. She also has strong relationships with many Mexican farmworkers.

The paucity of advocates for greater labor mobility in the United States

Clemens is not aware of any organizations that have the stated goal of open borders in the United States. Lant Pritchett has asked why people don't hold demonstrations in Washington DC in favor of labor mobility. Clemens' best guess as to why there isn't more interest in the subject is that the issue isn't salient to people. The people making the decisions about labor mobility are almost entirely immune to the direct consequences of those decisions.