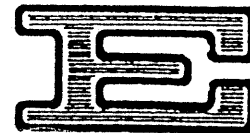




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**ON THE POSSIBILITIES AND LIMITS OF THE
ABSORPTION OF RETURN MIGRANTS
IN THE ESCWA REGION***

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* The views expressed in this paper do not necessarily reflect those of the Economic and Social Commission for Western Asia.

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I. INTRODUCTION

Arab return migration from the Gulf States is not a new phenomenon. It goes back to the beginning of the second half of the 1980s when changing economic conditions in the employment countries started to produce their negative effects on employment growth and opportunities.

Fears of massive return of migrant workers and their families were publicly expressed since 1986. While such expectation never realized at the scale feared, a good number of migrant workers returned to their countries of origin raising the problem of their re-integration in the national economies.

Concerned governments; international, regional and national organizations, institutions and associations started looking for ways out to absorb the return migrants. It was commonly felt by all concerned that this is not an easy job in view of the possible large-scale of return migrants particularly in the Yemens, Jordan and Egypt; but also and especially because of the basic lack of employment opportunities in the countries of origin - a fact reflected in high and rising ratios of unemployment especially among the educated in all the labour sending countries of the region.

That was before the Gulf crisis. The new situation created by this crisis is out of proportion in regard to the recent past.

As detailed elsewhere this war gave birth to the largest movement of return migration in the modern times in this region. The "mass" Arab return migration feared in the second half of the 1980s pales in regard to the effective and really massive return migrants that took place since the summer of 1990.

By some accounts about 800,000 Yemenis returned to their countries. Probably as much or more Egyptians also returned. Several hundreds of thousands: Jordanians, Palestinians, Lebanese, Syrians faced the same destiny. How can the countries of origin of these migrant workers absorb such huge amounts of job searchers when they are already emburdened with high stocks of unemployed and when their own economies, in addition to their chronic structural weaknesses are at present suffering from the loss of precious capital which until recently was represented by high migrant remittances, direct and undirect regional aid and assistance?

Before attempting to answer this big question, one relevant particularity to the Arab migration for employment ought to be emphasised here. It is common knowledge that Arab migration in the ESCWA region, with perhaps the exception of forced mass Palestinian migration in the wake of Arab-Israeli wars of 1948, 1956 and 1967, is for employment and not for permanent settlement. This makes Arab migration within the region a very special type of migration essentially different from the common international migrations; even though the great majority of international migration is in general also or mainly for employment, at least at the start when referring to the initial motivation. Thus, regional Arab migration may resemble more to across-the border movement of labour, which is common place all over the world from ancient times, than to international migration characterized by a distance dimension.

Across the border movement of labour are normally affected by the prevailing economic and social conditions; the political situation, and eventually wars in each side of the border. For this reason this sort of migration cannot be considered but temporary. Which means that concerned governments should in principle always have alternative plans should the direction of the movement of labour be reversed. Some researchers (King, 1986) suggested that two laws determine the probability of return migration: one that "the shorter the distance of emigration the higher the incidence of return"; the other "the longer that emigrants stay away the less the likelihood of their returns"*. Both assertions are so obvious that one is inclined to consider them sort of practical wisdom and good sense rather than "laws". But the fact remains that they confirm the temporary character of Arab regional migration and the inherent eventuality or possibility of the return for one reason or the other. This temporary character so much earmarks Arab regional migration that the integration of migrant workers in the countries of employment and their societies is not made possible neither legally nor economically or socially. One cannot compare for instance the present and potential status of a legal Mexican worker in the United States with that of a Jordanian or Yemeni worker in any of the Arab Gulf States. Therefore the inherent return possibility leaves after all little excuse for a modern times government to be taken by a surprise mass return except perhaps for an unforeseen war. In other words, governments should prepare and always be ready for such an eventuality by first having established or foreseen at least the structures to meet the changing situation.

Our purpose from emphasizing this peculiarity of the Arab regional migration is to point to the policy and structural shortages of, in particular, the labour sending countries prior to and regardless of the war which produced later on the unthinkable massive return of migrants; as governments of these countries were already confronted with the eventuality of "peace time" large return migration but at a much smaller scale.

At the present time, the absorption of the enormous flows of returning labour, which in relative terms weighs heavily in the national stock of manpower of individual countries such as Jordan, Yemen and Lebanon, is a very difficult if possibly solvable problem.

It should be noted here that absorption is meant to be different from re-integration. Absorption is taken here as the process of integrating the return labour in the national labour force and the national economy; while re-integration may also involve the social integration of the return labour and eventually their families in the national community in terms of housing, education, training, health, and so on. This concise paper is only concerned with the possibilities of absorption of the returning labour in the national economy.

* Reported in Allan Findlay's "Arab Return Migration from the Gulf Co-operation Council States: Patterns, Trends and Prospects", ILO, W.E.P.R., 1989.

II. THE PROBLEM OF JOB CREATION

Returning labour once at home are normally considered as part of the labour force. Objectively, as long as they have no employment, they are counted as unemployed. From this angle, they are part of the unemployed stock and as such the treatment of their problem is one of treating unemployment. The whole matter may thus be reduced to job creation.

It is relevant to recall that the problem of job creation and unemployment absorption or, at least, alleviation was already an acute issue in the poor economies of the labour sending countries. Were these economies wealthy enough and growing regularly at a relatively rapid pace, national labour would have been less motivated to migrate or at least only wage differentials in favour of migration would have been the major determinants to migration.

Arab labour sending economies experienced substantial growth in the years of oil revenues boom thanks to the flow of capital in the form of aid from the oil producing countries and remittances from migrant labour, in addition to other indirect form of assistance. But now that this in-flow of capital is extremely reduced, how can these countries create new forms of activities or expand existing ones to generate enough jobs for the old unemployed, returning migrants and new comers to the labour market? The question is raised as to whether it is possible for such capital-poor countries to achieve alone even partial absorption of the total unemployed without the active assistance of their richer neighbour either on a bilateral or multilateral basis; in the latter case within the framework of a performing regional cooperation structure.

There is a difference between creating jobs and alleviating unemployment. The first is an economic matter; the second, although it also implies the creation of new employment opportunities, may be reduced to social policies and measures. For this reason one may distinguish between an economic and a social approach for fighting unemployment.

III. THE CASE IN THE INDUSTRIALIZED COUNTRIES

Depending on the state of the economy, its level of development and diversification, its potentials and the prevailing socio-economic system and philosophy, some countries - in the industrialized world - choose the economic or market approach to combat unemployment. This is the case in particular of the United States and to a large extent the United Kingdom. Some other also in the industrialized world adopt a mixture of economic and social measures in their fight against unemployment (almost all continental Europe). This mix varies from one country to another; but within each country it changes over time in accordance with the prevailing economic and social condition.

None of the approaches is guaranteed success. In the developed and industrialized countries unemployment is cyclical and depends mainly of the economic cycles. When their economies are growing at a rapid pace - let us say at an annual growth rate of at least 5 per cent, the general consensus is that they generate a lot of employment; and unemployment rates are reduced to a level considered as economically healthy about 4 to 6 per cent depending on the countries.

In such countries, it is usually possible to spur the economic growth through monetary, fiscal and other financial and trade incentives. For instance, in the United States, under eight years of Reagan administration, applying such economic policies (a purely economic and market approach) permitted the creation of about 20 millions jobs. To have a chance of success, economic policy of this sort needs favorable political and economic environment and outlook in addition to a variety of basic factors such as capital, advanced technology; well structured and managed economy and finance; highly qualified and motivated manpower ... etc. Similar policies applied in Great Britain did not have the same relative effect on employment creation. And, in general, Western European countries, in spite of substantial economic growth, did not succeed in creating enough jobs and reducing unemployment. On the contrary, for several years now, we are witnessing relatively healthy growth economies with an annual growth rate of 3 per cent or more, which is an appreciable growth rate by European standard, going along with high and even increasing unemployment rate (France about 9 per cent, Spain more than 10 per cent).

The exact causes of this new development are not fully known. Lots of research are going on to find out why and how this is happening. But the mismatch between the rapidly changing occupational structure of the labour market in response to rapid technological change and the educational, training and skill structure of the labour supply is certainly one main reason. Another one is the increasing shunning of dirty jobs in wealthy societies. Such jobs are now carried out by migrant workers from the developing countries. The net result is a mismatch between available jobs and unsatisfied labour supply.

Because of monetary, fiscal and financial constraints; fears of inflation and the lack of suitable economic environment and good economic growth prospects (except for Germany, economic growth in 1991 is expected to fall to below 2 per cent in a number of Western European countries) a purely economic and market approach (à l'américaine) to reduce unemployment by adding massive jobs is not thinkable. Therefore many European governments are trying a mixed socio-economic approach.

Among the policies and measures taken in France, for instance, one can mention in particular:

- Strengthening, expansion and diversification of vocational training to adjust to new and changing labour market demand.
- Special fiscal and financial incentives to small and medium enterprises to hire workers.
- Special fiscal, financial and legal incentives to establish new small enterprises.
- Special fiscal and financial incentives to those enterprises which offer of provide training.
- Reforms of the educational system to adjust the structures of its production to the requirements of rapidly changing labour market demand (a long term approach).

But so far this mix of social and micro-economic measures, which were first taken several years ago and developed further along the years, did not succeed to stop rising unemployment in France to the extent that lately the fund of unemployment allowances was on the verge of declaring insolvency, where it not rescued by additional government subsidies.

What does this means for the purpose of this paper? That unless the macro-economic trend is directed towards real and substantial growth and the economic outlook is favourable and all other related conditions are there, the chances that an economy transforms into one creative of large-scale employment are very much reduced. Policies directed towards the injection of some money and subsidies here and there, through limited fiscal and financial incentives, which do not affect the direction of the whole economy are of limited affects. Similarly, recourse to training and re-training programme can be of limited usefulness to the absorption of large-scale unemployment, if macro-economic favourable conditions are lacking.

In recent years, the accent is put on the creation of small and medium scale enterprises particularly in manufacturing as a sure means of employment creation. In order to promote the development of SMI, various proposals are made. For instance the WB proposes to increase the competitiveness of the SMI sector by reducing the state's incentives and protection as a key policy measure to stimulate the growth of this sector. "This would increase competitions from imports and transmit to the SMI sector the structural changes in the macro-economic environment that have taken place (in Jordan) since 1983".

However many economists doubt whether the SMI sector can develop and create employment by itself independently of the conditions prevailing in the industrial sector as a whole and in the individual industries.

Lately a Harvard study on SMI questioned the veracity of the established evidence concerning the employment generation role of SMI. It concludes that the capacity of SMI to create employment depends on the levels of activities prevailing in the particular industry. In the period of high activity and substantial growth in the particular industry, SMI can contribute to the employment growth. But in the period of low levels of activity and slow growth the SMI capacity to generate employment is lessened very much. All depend on the conditions of the particular industry to which belongs the SMI.

IV. THE CASE IN THE ESCWA REGION

In the Arab labour sending countries, at least four developments compete with the return migrants for limited employment opportunities. And, as mentioned-above this competition occurs in the conditions of dwindling finance and limited prospects for economic growth. These developments are:

1. High rate of population and labour force growth.
2. Increased female labour supply.
3. Increased flows from the educational system.
4. Declining job creation in the public sector.

The first development is reflected in the rising overall imbalance between labour supply and labour demand. The result is the spread of unemployment and under employment. Due to the lack of adequate and reliable information and statistics, it is not possible to quantify the scale of either or to follow their evolution, especially that, in the periods of limited employment opportunities, under-employment develops rapidly as the discouraged labour phenomenon spreads. But the general consensus is that unemployment and under-employment were rising rapidly at the eve of the Gulf crisis.

With regard to increasing female labour supply (looking for jobs) this may be confirmed by the increasing demand for work in the government sector and the civil service coming from women. Data may be also found to prove the generalization of this trend to the private sector. "Especially banking, insurances, airlines ...etc.).

But the recent development that most affected the labour market is the increased flows into the labour market from the educational system.

It is known that Arab labour sending countries experienced in the past two decades impressive progress in education. This is evidenced, among other things, by the growth of the gross enrolment ratios, on the one hand; and the growth of the ratios of expenditure on education in relation to GDP, on the other hand. For instance between 1970 and 1980 expenditure on education in relation to GDP, grew in Jordan, from 3.9 per cent to 6.3 per cent; in Syria, from 3.8 per cent and in YAR, from 0.7 per cent to 4.9 per cent.

So far this progress in education had been reflected only partially in the labour force because of time lag between the termination of education and entrance in the labour market. Examination of the available educational structures of the labour forces between 1970 and 1985 shows appreciable but limited improvements as still the majority of the adults forming the labour force are either illiterate or have only attained low levels of education. The picture will change only gradually as the products of the educational expansion enter into the labour market in greater numbers, while the illiterate and uneducated members of the labour force leave for retirement.

Taking into consideration the dates of the start of the educational boom in different countries of the region under review, it is safe to conclude that, overall, the first large flows from the booming secondary education may have reached the labour market as from the beginning of the eighties, while the larger flows of the graduates from higher education started to come to the labour market only as from the second half of the eighties, i.e. very recently. In both cases, existing under-developed labour market information system were obviously not yet able to reflect changes in their data products, as available relevant data refer in general to the situation in the seventies or the beginning of the eighties. This explains, for instance, the increased public awareness in Jordan in the period 1987-1990 of the emerging unemployment of the educated especially among the graduates from higher education, as the first large flows from higher education* started to reach the labour market

* The educational boom started in Jordan in the late sixties and took shape in the seventies.

since 1987. In three years time, unemployment, as guess-estimated by officials and observers, grew from below 8 per cent in 1987 to about 20 per cent in the first quarter of 1990. Most concerned public authorities explained this sudden rise of unemployment by declining employment opportunities in the Gulf sub-region and the return of migrants. But in fact the principal real cause was the arrivals to the labour market of the large flows of educated especially highly educated to whom any way the labour markets of the Gulf area do not offer enough opportunities regardless of the economic crisis that was prevailing in the region.

The rapid expansion of education as witnessed in the Arab countries does not have only positive results. It entails many negative aspects. Among these is the high expectation education generates among the young candidates for work. In the conditions of labour markets which afford relatively little opportunities for the educated, the choices of the job beggars become very limited and competition very high. Over-education in relation to economic labour demand possibilities distorts the attitude to work. Such a development is at present largely noticeable in the Arab countries under review.

But it is only a start, the effects of the educational expansion on the labour force structure and the labour market will only take shape in the 1990s. Since the enrolment ratios at each level of education; the drop-out ratios; the distribution of students among various branches of education; and the ratios of graduation are known, it is easy to forecast with high degree of exactitude the number and qualifications of the students and graduates who will come out of the system in the 1990s. By so doing one may have a good picture of the future flows and of the magnitude of the employment generation needed to meet the supply a) from returning migrant workers; b) the stock of the unemployed before the mass return of migrants in 1990; and of the new comers to the labour market, especially the educated

To complete this short exposition of the employment constraints, one has to mention the co-existence of wide spread under-employment and unemployment with over or double employment. Exercising two different jobs is a phenomenon which spread extensively in the past decade almost in all the Arab Middle East, including the oil producing countries. Its principal peculiarity is that it is rather limited to government employees, as it is rare to find private sector employees undertaking two different jobs. In practice, this is not possible for the latter because they just don't have time to do it. Inversely, Government employees, who in general, work only in morning hours and/or benefitting from extreme laxity, have plenty time to undertake a second job usually in the afternoon or evening hours but sometimes during government working hours. In so doing they of course compete with the unemployed and under-employed for limited job opportunities.

So far, no attempt has ever been made to assess this phenomenon and to analyse its effects on the overall employment situation. But it is amazing to note that such phenomenon develops in societies with limited employment opportunities and large pools of unemployed and under-employed. The only apparent explanation is the low level of salaries, wages and incomes in relation to the prevailing prices and costs of living. Widespread double employment is therefore a reflection of poverty in a given society and thus it coexists with widespread unemployment and under-employment.

In the emerging conditions of increased labour supply, additionally fed by the return of migrants, tighter control of the double employment, especially when civil servants are involved could and should be jointly exercised by concerned authorities, professional associations and unions. A good number of employment opportunities would be gained from such control.

V. THE LIMITED ROLE OF SMI

Having acknowledged the technical difficulties, inherent to the interplay of labour market forces, of the absorption of massive labour return from the Gulf area, we can now attempt to identify what, in such labour market prevailing conditions, can be done especially in the industrial sector.

There is no ready made prescription applicable to all or even a group of countries which have some similarities in terms of economic and social levels and development, as may be suggested sometime by the proposed "lists" of action, policies and measures to be taken and which usually include, for instance, fiscal and credit incentives to small and medium scale enterprises; incentives for training and retraining schemes and programmes; legal exemptions and administrative simplification procedures etc... Depending on the economic (capital, labour, technology) conditions of the individual country, the doses of the components of the mix of policies and action proposed may greatly differ.

For instance, taking into consideration the various national experiences in the area of job creation, it is difficult to imagine the establishment of small and/or medium scale industrial enterprises creative of jobs in an economy where the industrial base is very weak. Usually small and even medium scale industrial enterprises gravitate around a specific industry centre. Their activities depend of the absorptive capacity of the industry they serve. As already mentioned, in reference to the Harvard study on small-scale industrial enterprises, the capacity of SMI to create employment depends on the levels of activities prevailing in the particular industry.

In the light of this consideration, one has first to determine, at the country level, the major economic centres of possible employment creation. It could be, according to the country, agriculture, industry or services. Then, a similar identification should be made at the sectoral, economic branch and industry level. Before to advise on where enterprises of any dimension should be established, the labour and economic environment of the choosen industry should be analysed and examined to determine the actual and potential capacity of the particular industry with, of course, special reference to market prospects and competitiveness at the national, regional and international level. The size of the new enterprise(s) will then be determined on the basis of alternative cost-benefit analysis.

But recalling that the problem for the Arab labour sending countries is not simply to create some thousands of jobs but tens and, indeed, hundreds of thousands of jobs to meet the return migrant's quest for work and the ongoing labour supply; the governments of the region are in the moral obligation to make large-scale plans. It is therefore thought that the focus should really

be directed primarily to exploring large-scale possibilities and to macro-economic policies and structural changes that open the way for massive absorption of return migrants. In this connection, it is important to emphasize the fact that none of the countries under review is able alone to spur its national economy at least in the short and medium term to the point of absorbing such huge amount of labour return without the active assistance of the Gulf countries. Regional economic cooperation is paramount and old existing institutions of regional cooperation should be restructured to enhance the economic cooperation and make it more performing, especially in the area of manpower movement and utilization.

By large-scale possibilities it is meant, inter-alia, attracting big multinational labour intensive industry and exploring in particular joint regional industrial ventures. To make such things possible probably a reorientation of the national economic policies towards international trade and regional versus national industrialization is necessary.

It is only within the framework of such developments that small and medium scale industries can flourish, gravitating around regional industrial centres and well established multinational industries. This way they can much contribute to the creation of employment. Otherwise their base point could be very weak, their development very slow and survival depending on public subsidies and protection which would undermine their competitiveness and goes against the very policy of structural changes in the marco-economic environment.

The third major component of a policy for the absorption of return migrant is the provision of training and retraining. Here also there is need for some clarifications and emphasis. Training or retraining should be developed in relation to the effective and changing requirements of the labour market. The prerequisite, therefore for training, is a scientific and detailed knowledge of the effective requirements in terms of occupations and skills. Training schemes and projects not based on the prior determination of the labour needs could be futile, time and money wasting.

But the most relevant and useful type of training is the one offered by the industrial enterprises themselves. Such training is highly beneficial as it is directly tied to the job. It could be training on-the-job or training for the job. While the training offered in the training centres or schools without direct and organic relations with jobs would be only useful and compensating if the trainee finds immediately after the corresponding job. Otherwise his usefulness would be limited and with time spent without a corresponding job, it may loose of its value and relevance and be reduced to background knoweldge like the general education received in the schools. That does not mean that this training is not valuable but its inherent relevance to the job is lesser than the training on-the-job or the enterprise training for the job.

Before ending this short review, it is worth noting that outside the industrial sector, there are also some promising areas for employment generation and the absorption of surplus labour including the return migrants. The double employment area and the foreign labour replacement area may have already been mentioned, but they really may offer immediately lots of employment possibilities for returnees.