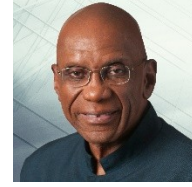




## Economic Letter September 2021



### **Emigration and Immigration are Both Very Beneficial, if Managed Well**

The movement of Caribbean people to the US, Canada and elsewhere, and the movement of Jamaicans and Guyanese to more prosperous parts of the Caribbean, both have the potential to bring great material benefit to the region. As far as the movement of Caribbean people to advanced countries is concerned, the money they send back to the region is an important source of foreign exchange in every country. The Jamaican economy derives just as much foreign currency from remittances from Jamaicans abroad as it does from the tourism industry, and far more than from any other activity. In Barbados remittances are now very little, but the income of pensioners who have retired from the US, UK and Canada, to homes they have built in the island, brings us almost US\$200 million, about the same as the country earns from its international business services. Contrary to popular opinion, the so-called brain drain, far from being a loss of talent to Caribbean countries, has now become among the most important sources of vital foreign exchange everywhere.

A second benefit emigrants confer is knowledge of the wider world and access to new technology. This has always been an under-utilized source of potential economic gain for the region. We only have to think of the large percentage of Caribbean people who have returned to the region to become entrepreneurs, after mastering their craft in the demanding markets of industrialised countries. Forward thinking companies in the region have also successfully recruited many of their most resourceful executives from among the Caribbean diaspora. Such individuals are especially valuable, combining knowledge and technology acquired in advanced countries with Caribbean experiences and sensibilities. Government administrations throughout the region are failing to tap into this potential source of expertise for the desperately needed reform of Caribbean public services to improve our countries' failing scores in business facilitation.

The communications technologies of the twenty-first century offer enriched possibilities for tapping into the wellsprings of knowledge in the Caribbean diaspora, possibilities which our leaders have been slow to recognise. It is already the case that a handful of professionals whose main residence is in North America or elsewhere, offer services to Caribbean countries directly, alone or in partnership with Caribbean colleagues and counterparts. I believe there is untold potential for such partnership, by building networks of collaboration between Caribbean residents and our diaspora.

The movement of migrants from countries where the average level and quality of life are relatively low, to countries where the population enjoys a higher level of average income, benefits both the sending country and the host country. The sending country receives a stream of remittances, which add to the supply of vital foreign currency. The host country benefits from the higher productivity which immigrants exhibit, compared to low-skilled domestic workers. This is a phenomenon observed in small economies everywhere in the world. The reason is not hard to find. In every growing society, workers find opportunities to acquire skills to move out of minimum-wage jobs up into more rewarding occupations or enterprises of their own. The vacuum which this creates opens the door for migrant workers. Absent immigrant labour, there is a shortage of workers in construction, agriculture and other low-skilled jobs.

Immigrants with drive, energy and ambition are always available to fill the gap, from countries with significantly lower average incomes. The reason is obvious: the wages of a construction worker in Barbados, which might not be sufficient to qualify them for a starter home in Barbados, might be sufficient, within a year or two, to propel a Guyanese working in Barbados into the ranks of middle-class home ownership in Guyana.

The benefit of immigration is by no means limited to those coming in from our sister Caribbean countries. Immigrants from all over the world bring with them new knowledge, new technologies, innovation and finance, along with networks with global reach and access to foreign markets. The presence of high-earning non-Caribbean immigrants is no less beneficial to the local economy than would be the recruitment of a person from the Caribbean diaspora; both would be a source of rental income and purchases from domestic service providers and retailers, from supermarkets to cleaning services to auto dealers. What is more, the immigrant may add more value than would an equally qualified local recruit, thanks to their knowledge of processes, technologies and markets in industrial countries.

The benefits, both of emigration and of immigration, are already substantial and widely recognised, even though their pervasiveness and magnitude will come as a surprise to many. However, the potential benefits that are going abegging exceed what is being realised, probably by an order of magnitude. Significant changes in policies of all Caribbean countries would serve to unlock that potential.

Among the changes worthy of consideration are the following.

The current prohibitions on travel for work within the region, with only limited exceptions, might be replaced with controlled migration arrangements, operated by licensed labour contractors. This would provide countries like Barbados and Trinidad and Tobago with a highly productive labour force for agriculture, construction and other activities, one which would quickly respond to seasonal and other variations in demand.

A second useful policy initiative would be to revise work permit regulations that require the recruitment of domestic workers in the first instance. Insisting that companies be permitted to recruit abroad only if no suitably qualified local can be found is a barrier to the transfer of technology to the local market. This local recruitment preference stands in the way of the productivity gains that technology should bring.

Caribbean Governments should abandon the notion of education and skills training solely for domestic use. As they progress in their chosen career, locals should be encouraged to move abroad to take advantage of opportunities for advancement, and to broaden their work experience. Many will remain abroad but their services may still be available domestically thanks to communications technologies. Also, they will often choose to build their retirement homes in the Caribbean. However, others will be recruited from overseas to fill senior management positions in the Caribbean, bringing with them experience gained abroad.

Laws and regulations regarding citizenship of Caribbean-born persons and long-term residents need to be brought up to date. The prohibitions on dual citizenship need to be removed, including limitations on office-holding. Other inconsistent, discretionary and overly bureaucratic barriers to citizenship for long-term residents should be cleared away. They should be replaced with a fully specified, transparent process, where applicants would know beforehand the needed qualifications for themselves and their families. All applications should be processed within a stated period of time.

Caribbean economies are outward-oriented. They always have been. To fully realise our nations' economic potential, our leaders should recognise the benefits of movement of people, as well as movement of goods, services, finance and technology.