DOES RESPECT FOR MIGRANT RIGHTS CONTRIBUTE TO ECONOMIC DEVELOPMENT?

By Donald M. Kerwin

Executive Summary

The Universal Declaration of Human Rights describes rights as the “foundation of freedom, justice and peace in the world.” Human rights give expression to the inherent dignity and equality of all human beings; they need not be justified on instrumental terms. Perhaps for this reason, the question of whether respect for migrant rights has economic benefits for countries of origin or destination has received scant attention in the academic and policy literature. But since policymakers will be more likely to protect and promote migrants’ rights if they have economic incentives to do so, this is an important issue to consider.

Respect for rights in migrant-sending countries can help to secure remittances, attract other forms of diaspora investment, and effect social and political change. Rights-respecting countries tend to be politically stable and better able to develop and retain human capital — important factors in the decision-making calculus of investors. Strong institutions and the rule of law also assure foreign and diaspora investors that regulations will be fair and transparent, that property rights will be honored, that agreements will be enforced, and the investment environment will be predictable. Low levels of corruption incentivize financial remittances by ensuring that monies will be used as intended. And this process can be mutually reinforcing: values, norms, knowledge, or skills imparted by the diaspora (sometimes called “social remittances”) can help strengthen rights, gender equality, and core institutions in sending countries.

I. Introduction

The relationship between rights and development is at the heart of the migration and development dialogue. United Nations (UN) entities and Member States consistently claim that rights and development reinforce each other, forming (with immigrant integration) a kind of virtuous circle that potentially benefits all of the stakeholders in the migration process. By this view, rights allow migrants and their communities of origin and destination to realize the full economic benefits of migration. It may seem odd and even offensive to assess rights in instrumental terms. Slavery and child labor would be abhorrent even if they stimulated development. But countries may safeguard and advance rights more readily if these actions are seen to contribute to other “goods” like economic development.
This policy brief examines the evidence behind the claim that rights further development, defined here as economic development (see Box 1). It considers the different ways that this might occur. Specifically, the brief asks:

- Do the rights of nationals in migrant-sending countries increase development inputs to those countries, including from expatriates and diaspora groups?
- Do immigrant rights in receiving countries enhance the development contributions of expatriates and diasporas to sending countries?
- Do immigrant rights in receiving countries advance the development of those countries?

### Box 1. Definitions

**Human development** — championed by Amartya Sen and the United Nations — is the process of enhancing people’s choices, capabilities, and freedoms. Development metrics such as human rights, Millennium Development Goals (MDGs), and growth in gross domestic product (GDP) all contribute to human development but do not fully satisfy this concept.

**Economic development** comprises policies and interventions intended to reduce poverty and to raise per capita output, living standards, and economic growth. Migration-related contributions to economic development include financial remittances, foreign direct investment (FDI), diaspora-funded relief and development projects, and transfers of human and social capital.

**Rights** can be socioeconomic (advancing human well-being), civil (safeguarding and enlarging freedoms), and political (affording people a greater say in decisions affecting their lives). This brief analyzes both rights enshrined in international conventions and rights extended to residents based on nationality or immigration status.

State violations of human rights invariably restrict human choices, capabilities, and freedoms and thus evidence a human development deficit. This brief considers the effect of rights on economic development in order to avoid semantic claims that “human” rights, a constituent part of “human” development, advance development.
II. Does Respect for Rights in Migrant-Sending Countries Enhance those Countries’ Development Outcomes?

Respect for rights contributes to the stability, reputation, human capital, and growth of migrant-sending nations, and thus encourages investment by expatriates, diaspora groups, and others.

A. Attracting Investment

Rights matter for some investors, and not necessarily for altruistic reasons. Investors prefer social stability and a well-educated workforce. They also seek to avoid negative publicity or “audience costs.” Rights-respecting states may therefore find it easier to attract investment because they are more likely to be politically stable, have unblemished reputations, and be able to develop and retain human capital.2 A study of non-Organization for Economic Cooperation and Development (OECD) nations from 1980 to 2003, for example, found that countries that upheld “personal integrity rights,” defined as “freedom from politically motivated imprisonment, torture, and murder,” attracted higher levels of foreign direct investment (FDI).3 The study compared net FDI inflows as a percentage of gross domestic product (GDP) to human-rights performance, which it assessed based on a political terror scale applied to annual Amnesty International and US Department of State Country Reports.4 The study concluded that any advantages secured by human-rights violations would likely be outweighed by the negative effect on the business environment.

Similarly, strong corporate human-rights practices reduce the risk of lawsuits, regulatory enforcement, and reputation damage that can lead to lower earnings and stock prices.5 Diaspora groups, expatriates, and other investors can increasingly draw on tools that measure human rights to make investment decisions. These include reports on the treatment of migrants in corporate supply chains, recruitment fees charged to migrant laborers, and the safe return of guest workers.6 Investments by diaspora groups and expatriates often occur through circular and return migration that requires personal exposure to conditions in sending communities. Diasporas also enjoy close personal ties to these communities. Thus, their investments may be more sensitive to human-rights violations than corporate investments.

B. Contributing to Strong Institutions and the Rule of Law

Rights also contribute to the underlying conditions that facilitate development. Respect for rights undergirds development “fundamentals”— the conditions that create and comprise an attractive investment environment — such as strong institutions, gender equality, and an open business environment.7 To take one example, rights are integral to legal systems that honor the rule of law. The World Justice Project’s rule-of-law index measures the extent to which countries have transparent laws that protect fundamental rights, including property rights, commercial activity, and personal security. It also assesses whether officials are independent and competent; administer the law fairly and efficiently; and grant franchises, licenses, and public contracts in a nondiscriminatory fashion.8 Countries that score well on rule-of-law criteria are a surer bet for investors because they guarantee a predictable and transparent regulatory environment, fair adjudication of commercial and property disputes, and personal security.

The broader regulatory system — including the extent to which red tape and regulations
help or hinder investment — also affects development. The World Bank’s *Doing Business* indicators evaluate regulatory systems and practices that promote growth and development in the private sector, which is the source of 90 percent of jobs in developing economies. These indicators likewise affirm the importance of transparent rules that protect property rights and contracts, facilitate dispute resolution, ensure predictable economic interactions, and minimize administrative and regulatory burdens.

While these conditions promote and protect investment, they also enhance the size and impact of remittances and other migration-related investments. It stands to reason that if corrupt officials can demand bribes or recruitment agencies can charge excessive fees, these monies cannot be remitted or used to transfer social and human capital through circular migration.

C. A Virtuous Circle?

If rights can promote development, the question arises whether the converse is also true: can migration-related development further rights in sending communities? Surprisingly, the promotion of rights has not emerged as a formal pillar of diaspora development work. But diaspora groups have played a leading role in peacemaking, reconciliation, and democratic transition in their “home” or ancestral countries. They have also contributed significantly to the creation of democratic political institutions and legal systems that respect rights. Since diasporas have unique knowledge of migrant-sending communities, these groups are in strong position to improve the investment environment and promote greater government accountability and transparency.

In addition, development initiatives may themselves be guided by human-rights considerations. Commentators argue that rights-based development strategies — which seek to identify rights “claims” and those responsible for pursuing and meeting these claims — improve development outcomes by requiring the meaningful participation of beneficiaries and by making development actors accountable to human-rights norms. According to this view, a human-rights development framework changes the focus of development “from a moral commitment” and “hybrid form of welfare policy … to legal claims of the right-holders, duties of the donors, and governments receiving development aid.”

Development assistance to countries with substantial refugee populations can safeguard rights (particularly socioeconomic rights), reduce animosities between host and refugee communities, and contribute to the transformation of underdeveloped border communities. The United Nations High Commissioner for Refugees (UNHCR) has strategically partnered with development actors to create durable solutions for refugees and refugee-like populations, which it views as the “ultimate form of protection.” Development assistance is an increasingly important element of coordinated protection strategies in communities that host refugee populations, accept and reintegrate returning refugees, and engage in peace-building initiatives.

A final question on the interplay between rights and development is whether rights violations undermine development. Large-scale rights violations can force people to migrate, including highly skilled workers.
who could otherwise make significant economic contributions to their countries of origin. In addition, the resulting chaotic and irregular migration flows can lead to conditions that require immediate relief, as opposed to more productive and advanced development assistance. Remittances and other migration-related contributions to communities suffering from widespread violations typically focus on survival and subsistence needs, rather than contributing to economic development goals. Forced migrants may also encounter policies in host countries that limit their education and employment opportunities and restrict their mobility, including through detention. Irregular status also inhibits integration and makes it more difficult for migrants to secure credentials or otherwise to establish themselves. Forced migrants, in particular, may become stateless and lose the capacity to contribute to either their sending or receiving communities.

III. Does Respect for Migrants’ Rights in Receiving Countries Affect Development in Sending Countries?

The migration and development dialogue highlights the contributions of emigrants to their countries of origin. It is well established that migration from developing to high-income nations overwhelmingly benefits immigrants and their families, and has immense potential to increase global income gains. Migrant remittances contribute significantly to GDP in migrant-sending countries. In addition, pooled remittances through hometown associations and other diaspora groups have funded countless relief and development projects and leveraged monies from local and national sending communities. Diasporas have also invested in migrant bonds and have transferred knowledge, ideas, expertise, technology, and resources to their communities of origin. The question is whether respect for the rights of these migrants affects their ability to contribute to their communities of origin in these ways.

Immigrants accumulate rights as they transition into different immigration statuses, culminating in the full rights of citizenship. Evidence suggests that as migrants improve their status, they command better wages and can contribute more to the well-being of their families and home communities. In contrast, unauthorized immigrants earn less than lawfully present immigrants and citizens, and have more limited access to social networks that could lead to better-paid jobs. They are also more likely to suffer wage theft and workplace injuries, to face barriers to exercising labor rights, and to work in industries and occupations that substantially violate labor standards. As a consequence, unauthorized migrants are less able to remit monies and to extend the benefits of circular migration to their communities of origin. Their contributions would be greater if they were afforded the full rights and responsibilities of citizenship in receiving countries.

As an important complement to the empirical evidence, a 2009 conceptual paper analyzed the clusters of rights that attach to different immigration statuses and estimated what different groups (by status) would be likely to earn, save, and transfer to their communities of origin. While one might expect that full integration would generate the greatest level of diaspora investments in communities of origin, the paper concluded that as time passed, new citizens would lose connections and contribute less to their communities of origin. The paper therefore posited that legal, “short-term rotating
migrants” would be the most generous investors. Other studies have affirmed that remittance levels and rates decrease over time as the foreign born integrate into their host communities. But since other important goods that the diaspora sends home — such as ideas, education, skills, and training — may be acquired over a longer timeframe than legal status, these remittances may start later and continue longer than financial payments.

Of course, migration-related development assumes that migration can occur at levels sufficient to have an effect. In that regard, some argue that high-income nations face a political trade-off between setting admission levels and extending certain rights to migrants. While rights allow individual migrants to contribute more to the development of their communities of origin, granting labor protections, health insurance, or other rights/benefits may result in the admission and employment of fewer foreign workers. Governments face a number of economic considerations when deciding on who to admit and what rights to afford. These include the costs to employers of guaranteeing certain rights, the fiscal effects of low-income migration, and the impact on the wages and working conditions of natives. Financial pressures may mean policymakers face a choice between admitting more migrants with fewer rights, or fewer migrants with more rights who will be able to send more on average, but perhaps less collectively, to their communities of origin.

A related question is whether migration furthers rights in sending communities through “social remittances,” i.e. in the form of knowledge, norms, and values. For example, social remittances might include more expansive ideas about the role of women in the workplace, family life, and the public sector. Gender equality is fundamental to development: the ability of women to assume a broader range of roles in receiving communities can improve their socioeconomic status and, thus, their potential to contribute to their communities of origin. But the literature paints a complex picture of how and under what conditions this social transformation might occur. Moreover, migration does not invariably lead to the adoption and transmission of more progressive social norms by diaspora groups or returning migrants. In fact, it can also lead to stricter adherence to traditional gender roles and arrangements.

IV. The Relationship between Migrant Rights and Development in Receiving Countries

While the benefits of migration for immigrants are well documented, the question of whether migrant rights enhance economic development in host countries is more complex. Migrant-receiving countries adopt widely divergent practices on extending rights to migrant laborers. Very few receiving countries have ratified the core human-rights conventions on migrant laborers or extended the full spectrum of citizenship rights and benefits to noncitizens. Although commonly attributed to sovereignty concerns, the failure to ratify these conventions might also be seen as evidence that migrant-receiving countries do not think that affording broad rights to foreign workers advances economic development or otherwise serves the national interest.

Most countries provide different levels of rights and benefits based on immigration status. At one extreme, Sweden has provided comprehensive socioeconomic rights to immigrant laborers. At the other, the Gulf Cooperation Council (GCC)
countries provide minimal rights to guest workers. With the exception of Bahrain, these countries have denied guest workers the option to naturalize, despite a yawning gap between rising numbers of noncitizen residents and citizens. The economies of GCC countries have grown dramatically over several decades, yet the benefits of generous social welfare systems and low-cost goods and services have accrued overwhelmingly to citizens. GCC countries face longer-term socioeconomic challenges, such as unemployment among citizens who formerly worked in the public sector. Large immigrant populations, without basic rights, can also fuel social discord, with predictably negative development consequences. However, it remains an open question whether these countries would have grown more dramatically if they had offered a modicum of rights to guest workers and whether they will perceive it to be in their economic self-interest to extend more rights to foreign workers in the future.

The US experience suggests that affording status and rights to unauthorized immigrants can economically benefit the host society. The last major US legalization program led to increased wages and improved working conditions, and spurred the activation of human capital in the form of education, job training, and development of language skills. Higher-skilled and -earning employees contribute more in tax revenue, job creation, entrepreneurship, and economic growth. However, the US experience may not readily translate to European countries with lower (than the United States) unauthorized employment rates, higher rates of informal employment, and higher social welfare costs for formal employees.

V. Conclusion

Rights do not need to be justified on instrumental grounds and economic considerations are not the sole development metrics. At the same time, economic development can help to make the case for promoting rights more broadly. By contrast, a poor human-rights record operates as a disincentive to investment.

The link between migrant rights and development is often assumed, but rarely examined with rigor. This policy brief reviews the evidence, and concludes that respect for rights in sending countries likely enhances development inputs to those countries, including by expatriates and diaspora groups. Since rights are integral to the rule of law and other development “fundamentals,” they may enhance migration-related development inputs. Conversely, development assistance to communities that host or are experiencing the return of large numbers of refugees and refugee-like populations can lead to rights-respecting, “durable solutions” for these populations.

Respect for migrant rights in receiving countries increases the socioeconomic well-being of immigrants and, thus, their potential to contribute to the development of sending and receiving communities. Yet receiving countries may also balance extending rights to migrants, particularly those that increase costs, with setting admission levels.

Economically prosperous countries have adopted widely divergent practices related to migrant rights based, in part, on economic calculations. Research on the last large US legalization program suggests that extending legal status and rights to migrants can lead to increases in wages and investments.
in human capital. Thus, such programs have the potential to contribute to the development of receiving countries. That said, the experience of the United States may not easily translate to other countries.

ENDNOTES


2 This claim does not speak to migrant rights, but rather to the rights of residents in sending states.


4 The study also controlled for the potential effect of foreign direct investment (FDI) on human-rights performance.


6 Ibid., 33-4.


18 UNHCR, *Still Minding the Gap?*


20 The World Bank, “Migration and Development Brief 20” (Migration and Remittances Unit, Development Prospects Group, the World Bank, Washington, DC, April 19, 2013), [http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/MigrationandDevelopmentBrief20.pdf](http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/MigrationandDevelopmentBrief20.pdf). Remittance flows to developing countries exceeded $400 billion in 2012, and accounted for between 18 percent and 47 percent of the gross domestic product (GDP) of the top ten remittance-receiving states as measured by share of GDP. Remittances mostly benefit families and local communities, but they can also enhance the ability of governments to finance imports, to pay favorable interest rates on sovereign debt issues, and to borrow on international markets.


24 Ibid.


28 A study of 216 women in Mexico and 134 women in the United States found that while US residence expanded employment opportunities for women, Mexican women in the United States demonstrated “higher compliance with traditional gender arrangements than their peers” in Mexico in the areas of division of household labor, sexual negotiation, relationship control, and symbolic representations of gender; see Emilio A. Parrado and Che-noa A. Flippen, “Migration and Gender among Mexican Women,” *American Sociological Review* 70, no. 4 (2005): 606-32.

29 Ruhs, *Migrant Rights, Immigration Policy and Human Development*.


31 Ruhs, *Migrant Rights, Immigration Policy and Human Development*.

32 Ibid.
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Acknowledgments

This policy brief series is supported by the Government of Sweden, Chair-in-Office of the Global Forum on Migration and Development (GFMD). It is designed to inform governments on themes that have been discussed in the GFMD and that will also be covered by the upcoming UN High-Level Dialogue on International Migration and Development in October 2013. The series was produced in coordination with the Center for Migration Studies (CMS), and was made possible through the generous support of the MacArthur Foundation and the Open Society Foundations.
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The Migration Policy Institute (MPI) is an independent, nonpartisan, nonprofit think tank dedicated to the study of the movement of people worldwide. The institute provides analysis, development, and evaluation of migration and refugee policies at the local, national, and international levels. It aims to meet the rising demand for pragmatic responses to the challenges and opportunities that migration presents in an ever more integrated world.

About MPI’s Migrants, Migration, and Development Program

Governments, multilateral agencies, and development specialists have rediscovered the connections between migration and development. Research focuses on the actual and potential contributions of migrant communities to sustainable development or the reduction of poverty in their countries of origin; the findings, however, have not been systematically translated into policy guidance.

The Migration Policy Institute is deeply engaged in efforts to encourage a multilateral discussion and exchange of experience through the Global Forum on Migration and Development and the UN High-Level Dialogue on International Migration and Development.