Assessing the Possible Impact of Autonomous Liberalisation of the US Labour Market

Focus on Southern Africa

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Introduction

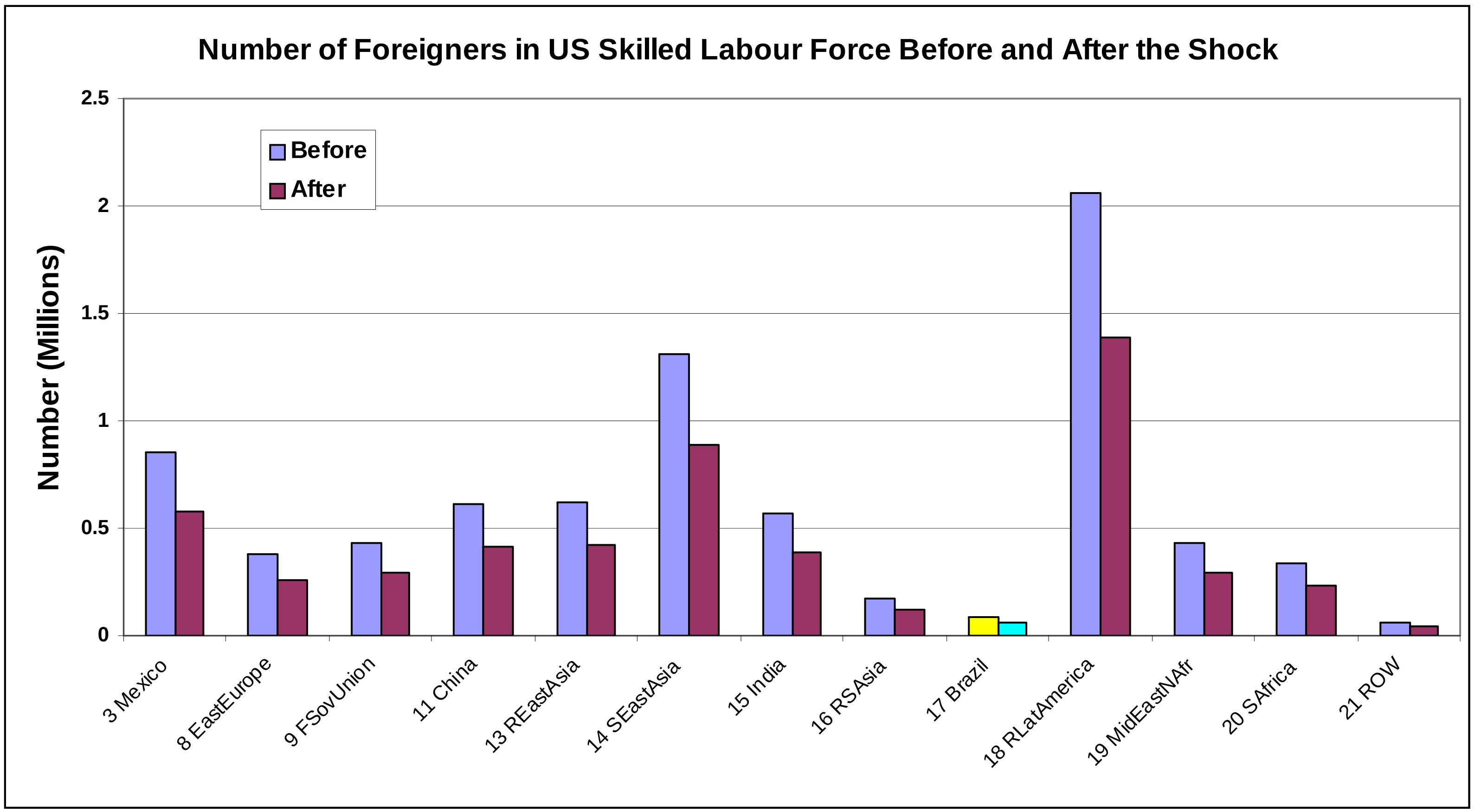
- **Question:**
  - How would a 5% increase in US skilled labour force affect other trading partners, in particular Southern Africa?
- **Motivation**:
  - US at initial stages of revising migration policy
  - Attracting only skilled labour
  - Target: To increase size of skilled labour force from 84m to 137m by 2020 => 5% p.a.

Model, Data and Focus

- **Model: GTAP**
  - **Version GMig2**
  - **Assumptions**
    - **Inwards movement to the USA only**
  - **Shock**
    - **Exogenous 5% increase of US skilled labour => (increase based on existing shares)**
- **Focus**
  - **Effects on some macro-economic indices in SSA (Trade Balance, Current Account Balance)**
  - **Real Incomes (Migrant and non-movers)**

Situational Analysis

- Currently only 0.5% of US labour migrats are of Southern Africa origin vs other developing shares e.g. India alone = 0.8%



Trade Balance (SSA)

- Trade balance decreased
- TB =X-M

  =-520.32
- ToT increased, but TB decreased due to
  – A 10.46% decrease in Qnty Exports
  – Imports increased by only 0.17%
- Changes in skilled labour force in home country resulted in decrease in exportables as prodn fell

Current Account Balance (SSA)

- CAB = S – I + NREM = X - M
  = 217.98
- Savings
- Investment
- Positive change is due to remittances that have increased by USD 790.76

Real Income

- SSA
  - Migrants 258.10
  - Non-movers 900.19
- USA Market
  - -100.24, however GDP increased

Conclusions

- Increase in supply of skilled labour force by 5%
  – Trade Balance
  + Current Account Balance due to Remittances