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

Focus on Southern Africa

NGUETSE PIERRE & LISEBO MOSITSI
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 migrating 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)

- \( \text{CAB} = S - I + NREM = X - M \)
  - \( = 217.98 \)
- 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