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EFFECT OF EXPECTED INCOME ON INDIVIDUAL MIGRATIONS DECISIONS AND LABOUR MARKET IN CAMEROON

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It exists an extensive economics literature on migrations, their determinants, their costs and their outcome. Recent works also highlighted ways of measuring expected returns to migration, in accessing the role of migration network in actual migration flows and in evaluating the effect of migration on household's wellbeing. The economic consequences of migration have also been the central topics of labor economics with various distributional effects being considered in term of potential relationship between migration and inequality, although the distributional effects of migration drive public attitudes towards immigration. It is also usually took into account relationships between economic inequality, skill and quantity of available labor force (L), international migration both from the perspective of developing world producing outflows of migrants and the one of developed countries receiving inflow of migrants. We suppose that in a theoretical framework, immigration, especially skilled one, promotes income equality in developing countries.

At the best of our knowledge very few authors emphasis on the decisions of people in developing countries as far as migrations are concerned as per regard with labor market .The aim of this paper is to put on evidence effect of expected income on individual migrations decisions and the labor market in a developing economy like Cameroon. Let us mention that economic migration involves

flow of labor, human capital and others production factor like land. Theoretically, we assume that migration (M) contributes to a better re-allocation of resources and impact on monetary welfare since it induces remittances. Those remittances are usually for current consumption purposes for individuals or household receiving it. In addition, the re-distributional effects of migrations usually influence the skill and pattern composition of labor market in the receiving and sending countries. We assume a modified and adapted version of the insider-outsider theoretical model where we consider three different groups of migrants as per regard with their initial situation. They are people already employed in their native country and with a high skilled labor, those with an average skill and not employed permanently and expecting to do more effort in another country or economic context, and the third group is the one of those with a low skill and unemployed. Another ingredient of our model is the assumption concerning migrants or workers possible transition among the three states with some implications on the labor market even on the short run. We define a transition probability from one state s to another s' in a given country or location c , that is $Pr(s|s', c)$. For example, if a given country is experiencing a steady inflows of workers of various skill that the average level is higher than the average skill level of insiders or native works, the local labor market is to be having a new configuration that can be either harmful for the whole economy on the short run and perhaps fruitful at least on the middle run. Such a situation including changes in the labor force and labor skill can have a direct effect on inequality through changing the shares of poor, middle class and rich people in the economy as long as skills are correlated with wealth. They also affect the wages of labor skill in the economy and can lead to the spreading of informal sector. In this view, we consider the effects of change in available labor (L) occurring when immigrants of different skill composition from that of natives enter or leave the country under conditions of flexible wages within a perfect and complete information framework. Firms and even households may react to this change in labor force by changing their investment decisions, including those regarding their investment in human capital acquisition. In this perspective, low skill migration increase the overall quality of the labor force, if and only if it brings about a larger increase in the quality of the native or local labor force. In this research, we measure the quality of the labor force by the incidence of skilled workers in it. We define skilled and unskilled workers by their highest attained levels of education, albeit we understand that skill is broader category than education.

Concerning the methodological framework, our paper intends to develop a model of optimal sequences of migration decision putting on evidence the expected income as one the main economic determinant of migration. More specifically, we model individual decisions to migrate as a job search problem in the context of distortion of labor market as it is usually the case in developing countries. We assume an economy with a labor force of size comprising low-skilled, average or middle skilled and high

skilled workers and earning a specified wage. The production within the economy is based on a Constant Elasticity Substitution (CES) function. Another basic assumption is that wages are local prices of individual's skill bundles. Individual knows the wage in their current location. To determine the wage in another location, it is necessary to move there. This move is subject to a cost for the migrant so that he may be more productive in some locations than in others, due for example to working conditions, residential conditions, local amenities, etc... The wage offer in each location may be interpreted as the best offer available in that location. We assume that the marginal utility of income is constant and that individual can borrow and lend without restriction at a given interest rate. In this view, expected utility maximization reduces to maximization of expected lifetime income, net of moving cost, with the understanding that the value of amenities is included in income and that both amenities values and moving costs are measured in consumption units. Let set a state vector s of our value function VF of a migrant which includes wage and preference information, current location and age). The utility flow for someone who choose to move to the country c is specified as $U(s, c) + \gamma_c$, where γ_c is a random variable that we assumed to be independent and identically distributed across countries destination of migrants and across year, and independent of our above-mentioned state vector. Our decision problem is formalized as follow: $VF(s, \gamma) = \text{Max} [V(s, c) + \gamma_c]$, where $V(s, c) = U(s, j) + \alpha \sum_{x'} Pr(x'|x, c) \bar{V}(x')$, and $\bar{V}(s) = E_{\gamma} VF(s, \gamma)$. α can be define as the discount factor and E_{γ} refers to the expectation with respect to the distribution of the $c - vector \gamma$ with component γ_c . We then compute the value function, take into account age as a state variable and thank to successive iteration and discrete dynamic programming we put on evidence decisions of individual to leave their country. Our data are form the National Institute of Statistics of Cameroon. The interest of such a study for stakeholder is to know more about migrations decision to look whether they can regulate it and implement a partnership in term of remittances as a key factor for development, in the current context of reflexion and concertation on innovative source of financing the post-2015 development agenda.