Trade, Productivity and Growth, Migration and Poverty in Asia Research Project

Team members:
- Associate Professor Ed Wilson PhD, MEc, BEc
- Dr Kankesu Jayanthakumaran PhD, MPhil, BCom(Hons)
- Dr Reetu Verma PhD, MCom, BCom(Hons), GradDipAppFin

Senior Visiting Fellow
- John West MCom(Econs), BCom, Dip Ed

PhD students
- Piyapong Sangkaew, Trade Liberalization, Labour Productivity and Wage Inequality: The Case of the Thai Manufacturing Sector
- Ying Liu, Trade, Income, Energy Consumption and Emissions: China
- Abbas Mohammadzadeh, Fiscal Policy and Sustainable Economic Growth and Development: A DSGE Approach
- Ha Thanh Nguyen, The Monetary Transmission Mechanism in Vietnam
- Adeem Khan, Empirical Investigation of International Trade Using Gravity Models with Gravitas

[From left to right: Dr Reetu Verma, Professor Masahiro Kawai (Dean of ADBI), Associate Professor Ed Wilson and Dr Kankesu Jayanthakumaran]
Research interests: Asia and Australia
- International trade liberalisation and performance
- Migration and labour mobility
- Inclusive growth and development
- Gender, poverty and inequality
- Economic and econometric modeling

ADB/ADBI Migration Project
Team members have been working with the Asian Development Bank and the Asian Development Bank Institute (ADB/ADBI) on a project titled *Role of Key Emerging Economies – ASEAN, PRC, and India – for a Balanced, Sustainable, and Resilient Asia*
- Lead Task Manager: Biswa Nath Bhattacharya
- Lead Professional Advisor: Professor Masahiro Kawai (Dean of ADBI)

Workshops
Components of the working paper titled *Demographics, Labour Mobility and Productivity* were presented at the following workshops:
- 24-25 January 2011, ADBI, Tokyo
- 30-31 May 2011, Chinese Academy of Social Sciences (CASS), Beijing
- 18-20 August 2011, Indian Council for Research on International Economic Relations (ICRIER), New Delhi
This paper has been published as a Background Paper and acknowledged in the ADB/ADBI Report *ASEAN, the PRC, and India: The Great Transformation?* ADBI, Tokyo, 2012

Members were also discussants of other presented workshop papers:
- Verma, R., *Knowledge, Innovation and Technology* by Guangzhou Hu, New Delhi, 18-20 August, 2011

Grants
The relevant grants for 2010-12 sum to over A$30,000
- *Gender Disparity: An Analysis of Research Benchmarks and Promotional Outliers for Academics*, R. Verma and A. Cooray, A$10,000, Faculty Research Grant, 2010-11
- *Economic Integration and Wage Premia: Special Reference to ASEAN Countries*, A$4,500, University Internationalisation Grant, 2011
- *Demographic Changes, Labour Migration, and Regional Cooperation and Integration* A$9,439, Faculty Research Grant, 2011-12
- *Demographics, Labour Mobility and Productivity*, US$8,000, ADBI, 2011-12
Other parties
We have had interactions and discussion with many individuals and organisations with mutual interests, including policy makers from ADB, the Australian Department of Immigration and Citizenship (DIAC) and the Department of Sustainability and Environment, Government of Victoria, plus academics from Thammasat University, Melbourne University, Beijing University and Hitotsubashi University.

Paper

Demographics, Labour Mobility, and Productivity

Abstract

This paper considers two major issues that need to be treated as matters of urgency. First, internal (within country) migrations in the Asian (ACI) region are mostly undocumented and large. It is shown there are significant differences in wages and human development measures to which migrants will respond. Our first (of two) recommendation(s) is the need to collect better information on migration and for wage premiums and discounts to be estimated across sectors and countries. The second major issue is the emerging demographic imbalances in the form of aging, which will give dependency ratios that have never been experienced in all of recorded human existence. This needs urgent attention and the development of appropriate migration policies. Whilst it is possible to share the burdens of ageing and dependency through migration, this will not happen under present arrangements.

Migration cannot continue to be treated differently to trade and finance. A framework needs to be developed to provide a coherent set of policies relating to migration and social welfare, within and across countries in the Asian region. Our second recommendation is for the East Asia Summit (ASEAN+10) to set up a high level working group to consider possible future harmonised migration based policies, bringing together relevant economic, political, social and legal issues. This should encompass the recent ASEAN leadership on the rights of migrant workers and labour work programmes. It complements the Summit’s focus on education and human resource development and heeds the World Economic Forum’s call for Asian leadership in enhancing regional connectivity (expanded to include human resources).

As we have argued many times in this paper, increasing the mobility of humans is the best way to not only promote economic efficiency, but to provide freedom and significant improvements in their wellbeing and quality of life.

Forthcoming article

Private and Social Returns: The Potential for Migration to Balance Demographic Changes in Selected Asian Countries

Abstract

The emerging aging disparities in Asia require increases in migration to spread the costs of aging within the region. This paper examines the relatively large differences in private and social returns for potential migrants in selected Asian countries. The focus on returns rather than quantities is due to data limitations with official migration data and the lack of data on unofficial migration.
The approach also differs from the predominance of existing studies which focus on the developed countries demand by for migrants from developing countries, by considering supply side effects of imbalances in estimated wage premia and human development returns for the selected countries. The paper concludes with the urgent need to review migration policies in the Asian region to counter the major demographic changes.

**Short Biographies**

**Associate Professor E. J. Wilson**

Ed has research interests in macroeconomic modeling and empirically estimating the determinants of economic growth and productivity and the consequences of policies to reduce poverty and child labour in Asia. He has worked with national and international research, planning and policy agencies including the National Centre for Agricultural Economic Policy Research (NCAP) and the Indian Council for Social Science Research (ICSSR) in New Delhi. He has been a visiting professor at the Institute for Development Studies (IDSJ) in Jaipur and has given invited and keynote addresses to the Korean Economic Society, Asian Society of Agricultural Economists, the University of Rome, the Institute for Human Development and the United Nations World Food Programme (UNWFP).

He has received national and international recognition for innovative teaching and learning in the form of the Award for Excellence in Educational Publishing from the Australian Publishers Association and McGraw-Hill, Vice Chancellor's Award for Outstanding Contribution to Teaching and Learning, finalist in the Australian Society of Computers in Learning and Teaching National Best Small Project Award and member of the award winning UK consortium WinEcon.

Associate Professor Wilson has completed the requirements for a PhD by Published Works, has a M Ec from Monash University and a BEc from the Australian National University. He has been Head of the Economics Discipline at the University of Wollongong, Chief Examiner of the HSC-Economics, NSW Board of Studies, and is President of the Economic Society of Australia, NSW. He has hosted the Economic Society of Australia’s national economics conference and the Australian Economic Forums, which have included Nobel prize winners, Professors Stiglitz, Diamond and Mirrlees as keynote speakers.

**Journal Articles**


**Research Supervision**

**PhD**
Currently supervising six PhD students.
Successfully supervised ten PhD students to completion.

**Masters**
Currently supervising one Masters by Research student.
Successfully supervised one Masters student to completion.

**Honours**
Currently supervising three Honours students.
Successfully supervised three Honours students to completion.

**Dr Kankesu Jayanthakumaran**

Kankesu has a PhD, ‘Trade Liberalisation and Performance’, from the Development Project Planning Centre, University of Bradford, United Kingdom. He is a senior lecturer in the School of Economics at the University of Wollongong. His recent research has concentrated on international trade liberalisation (international integration) and performance (manufacturing, environment, wages, income inequality and migration) in Asia and Australia.

The findings from his research have important policy implications for Australian manufacturing, environment and trade policies, showing among other things that declining protection in Australian manufacturing is associated with rising productivity and rising exports, despite the fact that the positive productivity growth does not appear to have been passed on to consumers in the form of lower prices; that the positive productivity effect of Small and Medium Enterprises (SME) does not appear to have been translated into export gains; that trade reforms have had a negative impact on employment; that declining protection is weakly associated with increasing employment to the degree that trade flows are intra-industry; that the relative changes in state exports of manufactured goods and the changes in state emissions have been substantial; and that declining protection in the passenger motor vehicle industry has increased the volume of trade and productivity, but reduced the locally produced cars for internal consumption.

The findings from his research have important policy implications for Asian export processing zone (EPZs), integration, environment, and trade policies, showing among other things that EPZs in Asia may not be sustainable and that Post-Uruguay Round policy may eventually result in lower rates of private returns and may pose a threat to EPZs; that ASEAN integration demonstrate among other things that multilateralism and regionalism are complementary, and that regional income convergence is likely with a like-minded and committed regionalism that often has links culturally and geographically; that poorer states in
regional India need special attention before further economic liberalisation; that rising incomes among the provinces of China tended to be associated with lower emissions of water pollution; that revealing contrasting scenarios of India and China regarding per capita income, structural changes and energy consumption.

Current research interest is on the trade reforms, wage premium and migration in Asia. Drafted a working paper on “Demographics, labour mobility and productivity” for the ADBI project on “Role of key emerging economies – ASEAN, PRC, and India – for a balanced, sustainable, and resilient Asia” (Jointly with Ed Wilson and Reetu Verma).

**Journal Articles**


**Consultant report**


**Book chapters**


**Edited books**


**PhD Students (completed):**

<table>
<thead>
<tr>
<th>Name</th>
<th>Degree</th>
<th>Completion</th>
<th>Thesis title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adeem Khan</td>
<td>PhD</td>
<td>2012</td>
<td>Empirical investigation of international trade using Gravity models with Gravitas</td>
</tr>
<tr>
<td>Shao-Wei Lee</td>
<td>PhD</td>
<td>2011</td>
<td>The impact of outward-oriented policies on</td>
</tr>
<tr>
<td>Name</td>
<td>Degree</td>
<td>Year</td>
<td>Title</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------</td>
<td>------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Chirangivi Bista</td>
<td>MEC</td>
<td>2009</td>
<td>Poverty and income inequality in Nepal: an analysis of deprivation index</td>
</tr>
<tr>
<td>Shao-Wei, Lee</td>
<td>MEC</td>
<td>2007</td>
<td>Foreign direct investment and export performance: the case of Taiwan</td>
</tr>
<tr>
<td>Ramesh Chandra Paudel</td>
<td>MEC</td>
<td>2007</td>
<td>Financial liberalization in Sri Lanka: an econometric analysis</td>
</tr>
<tr>
<td>Tikiri Agalewatte</td>
<td>PhD</td>
<td>2004</td>
<td>Competitive industry policy for economic development in Sri Lanka: Lessons from East Asia</td>
</tr>
</tbody>
</table>

**Dr Reetu Verma**

Reetu is an early career researcher completing her PhD thesis at the University of Wollongong in 2009. Her thesis research analysed the roles of saving, investment and foreign capital inflows in promoting economic growth in India. She is a senior lecturer in the School of Economics at the University of Wollongong and is currently also undertaking the Sub Dean’s role in the Faculty of Commerce. Her research interests are economic modelling, applied econometrics, economic growth and development in Asia. Her current research has concentrated on gender differences in the workplace, sustainability of trade deficit in the South Asian countries and international migration, wage inequality and labour mobility.

Dr Reetu Verma has successfully received competitive research grants from the University. Reetu has also presented papers to the Reserve Bank of India (RBI), Mumbai, in 2005. Reetu has been invited back by the RBI to give several lectures. Reetu has been supervising three PhD students with one completion plus has successfully supervised one Honours student to completion and currently supervising two.

Further to this, she has received the student’s Higher Degree Research (HDR) Award for Excellence (awarded first place), Faculty of Commerce, University of Wollongong twice in row, 2007 and 2008. Reetu has also been nominated for the Vice Chancellor’s Awards for Outstanding Contribution to Teaching and Learning in 2006, 2008 and 2011.

**Journal Articles**


Refereed Conference Papers
Visiting Senior Fellow John West

John has extensive experience in international agencies, including research project management, high level liaison and networking of international experts, government officials and other stakeholders. He has expert knowledge of Asia's economic, social and political development in the global economy. John has researched, analysed, authored and edited many major international studies including the *The World in 2020* for the *OECD*.

John was Senior Consultant for Capacity Building and Training at the *Asian Development Bank Institute*, Tokyo from February 2009 to September 2011. He organised capacity building and training events for senior government officials from developing Asia on structural policy implications of the global financial crisis. Prior to this, John was with the *OECD* in Paris from 1986 to 2008 becoming Head of Public Affairs and Director of the OECD Forum, and a Director with the *Australian Treasury*, Canberra from 1980 to 1986.

**Publications**


West, J. (2000), *Governance Work at the OECD*, OECD.

West, J. (1999), *Trade, Investment and Development: Reaping the Full Benefits of Open Markets*, OECD.


West, J. (1993), “Recent Developments and Impediments to DAE/CEEC Economic Integration”, chapter in *Economic Integration: OECD Economies, Dynamic Asian Economies (DAEs) and Central and Eastern European Countries (CEECs)*, OECD.


West, J. (1993), ed., Economic Integration: OECD Economies, Dynamic Asian Economies (DAEs) and Central and Eastern European Countries (CEECs). OECD.

Bouin, O., Taniguchi, M. and J. West (1997), Globalisation and Linkages to 2020 – Challenges and Opportunities for OECD Countries: Summary of Discussions, OECD.

Carey, R., Hiemenz, U. and J. West (1999), Trade, Investment and Development: Policy Coherence Matters, OECD.