

The University of Chicago

Elevating Excellence: Do Skilled Workers Drive Superior  
Bilateral Labor Agreements?

By

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## **Abstract**

*Low-skilled migrant workers, often face severe workplace conditions and are vulnerable to exploitation. Bilateral Labor Agreements (BLAs) between host and source states protect these workers by outlining human and labor rights. These agreements also impose political and financial burdens on host states, and so host states have to carefully consider who they are inviting, and what costs they are willing to bear to invite what type of workers. This paper argues that host states view skilled workers as more valuable than low-skilled workers and thus sign better BLAs for inviting skilled workers. The central hypothesis is that BLAs for skilled workers are more favorable than those for low-skilled workers. Using the Chilton Dataset, regression analyses reveal that skill level significantly influences BLA quality, with agreements for skilled workers being 11.12% more comprehensive. Imputed data show a 5.09% increase in BLA scores for skilled workers. Further analysis indicates skill level significantly affects governance and development provisions within BLAs.*

Key terminologies: Skill level of migrant workers, Low-skilled migrant workers, Bilateral Labor Agreements, Labor Rights.

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## Introduction

The Oscar-winning film *Parasite* depicted the stark disparity between the wealthy and the destitute working class in society. Low-income workers, such as office cleaners, fruit pickers, gardeners, domestic help, and kitchen staff, often go unrecognized for their essential contributions. This lack of recognition extends beyond families to economists, business leaders, and policymakers. Even in affluent democracies, the needs and concerns of those without higher education frequently remain unaddressed, a situation especially dire for foreign workers, often labeled as low-skilled migrant workers.

Low-skilled migrant workers are people who move to a new country to work in jobs that don't require a high level of education or extensive experience or jobs that are “low-skilled work”. The International Standard Classification of Occupations classifies low-skilled work as mainly consisting of “simple and routine tasks which require the use of hand-held tools and often some physical effort”. According to the International Standard Classification of Education (UNESCO 2014), based on the level of education attainment, low-skilled workers are those on lower secondary level of education i.e. with 8-11 years of schooling (OECD 2011).

While all migrant workers face adverse situations as they move to a new country, low-skilled migrant workers often face more severe conditions at their workplaces due to their limited education and weak financial backgrounds. This vulnerability makes them particularly susceptible to exploitation by employers eager to take advantage of their precarious situation. In such a case, the host state and the source state have to come together and play an attentive and crucial role in protecting these workers' rights. While such protection can be awarded through various unilateral and multilateral approaches, the most common instrument is a Bilateral Labor Agreement (BLA).

Bilateral labor agreements, agreed between the host and the source state, serve as a key tool for supporting safe, orderly and regular labor migration by drawing on human rights instruments and international labor standards and integrating the perspectives of key world of work actors (United Nations Network on Migration, 2022). It usually outlines the principles of human and labor rights, including recruitment, information access, migration status, occupational safety and health, social protection, employment contract and wage protection, governance structure, qualifications and skills, savings and remittances, return, and labor market reintegration. Agreements are often addressed to sector-specific issues and specific type of workers e.g. migrant health workers or migrant domestic workers, with targeted provisions for protection, governance and development of skills. These agreements bring the source state and the host state together to guarantee the protection and regulation of migrant workers.

While BLAs might be important and beneficial for both countries, it usually imposes political and financial burden on the host state and/or the host organization. Provisions for example, requiring the resolution of dispute among the employer and the foreign worker, might require the host state to go against their own citizens or organizations and decide for the migrant worker. This creates the possibility of political turmoil and revolt for administrators. Often BLAs also require the host states to sponsor such migrant workers by paying for their recruitment and transportation cost. This creates direct financial burden to the host country. Given these significant costs, host states must carefully analyze the benefits these workers bring and decide whether to sign such agreements accordingly.

Of the major considerations to make is the assessment of the skill-level of workers. The general rule is that host nations are more eager to welcome and accommodate skilled workers (Kuptsch & Martin, 2011), given that skilled workers often drive innovation (Kenan 2020), create jobs and contribute to the overall growth of the economy. Therefore, this paper hypothesizes that host countries negotiate more favorable BLAs for skilled workers compared to those for low-

skilled workers, as skilled workers are perceived to be more valuable. The quality of a BLA is assessed based on the criteria of good practices outlined by the International Labor Organization (ILO). Agreements that incorporate the majority of these good practices are considered better.

The Chilton Dataset (Chilton & Posner, 2018; Chilton & Woda, 2022) provides a comprehensive evaluation of BLAs signed globally and their adherence to best practices. I categorize the BLAs based on the skill level of the targeted workers and then conduct multiple regression analyses to determine if the quality of agreements for low-skilled workers is inferior compared to those for skilled workers. Given the limitation of the number of observations, I also impute the dataset in economic tiers, to see if the BLA score is affected by the skill level when the controls are more robust.

I find that the skill level of workers significantly influences the quality of the BLAs (BLA score) signed. A jump from low-skilled to skilled workers improves the BLA score by 11.12 percentage points. An 11.12% increase in BLA scores between low-skilled and skilled workers signifies a notable improvement because it translates into a significant shift towards higher quality agreements, reflecting the substantial impact that skill level has on enhancing the overall performance and outcomes of the agreements signed. This finding underscores the impactful role of skill level in determining BLA outcomes, highlighting the importance of employing skilled workers to achieve higher quality agreements.

While computing the results, certain variables could not be computed for because of singularities in data. I accommodate this problem by imputing the data according to each country's economic category, and in the imputed data, too, I find statistically significant impact of skill level in the BLA score, though the impact is smaller at just 5.09%.

I use the imputed data to further see the BLA score in three different categories—governance, protection of workers, and development—and find that the skill level has a statistically significant impact in the governance and development of the workers. Though not statistically significant, protection of workers is inversely related to BLA scores. Low-skilled workers have better protection clauses in the BLAs as compared to skilled workers, though such cannot be stated to be correlated. Of the three, the most significant is the focus on Development. The Development of workers' provisions are most statistically significant and skilled workers' agreements are almost 15% more likely to include provisions for skill development.

This outcome may be attributed to the differing economic contributions and needs of skilled versus low-skilled workers. Skilled workers are often seen as valuable assets who can significantly contribute to the host country's economy through innovation and specialized expertise. As a result, BLAs for skilled workers tend to emphasize development and promotion to maximize their potential and integration into the workforce. On the other hand, low-skilled workers are more vulnerable to exploitation and face greater risks in migration. Consequently, BLAs targeting low-skilled workers focus more on the protection of their rights to ensure fair treatment and prevent abuse. This approach reflects a prioritization of humanitarian concerns and regulatory measures to safeguard the welfare of low-skilled migrant workers, who may otherwise be marginalized in the host country's labor market.

Overall, since the signing of BLAs signifies that the host countries are valuing the skill of the workers, and the results find that low-skilled workers are significantly less valued than the skilled workers, both the host and source governments must reassess their policies. Especially source countries with large numbers of low-skilled migrant workers migrating, and who heavily depend on remittances sent back by them, need to either enhance the skill levels of these workers or find alternatives to remittance income, as relying on remittances from low-skilled labor may not be sustainable in the long term.



## Literature Review

Many economists advocate for labor migration, citing its potential to uplift some of the world's most disadvantaged individuals (Ruhs & Vargas-Silva, 2015; Weyl, 2016). Temporary labor migration is often depicted as a triple-win scenario. The host country receives labor, often inexpensive and hard-working, to contribute towards its economic growth and development. The source country receives tons of remittances helping it stabilize its balance of payments. The migrant and their families often experience economic growth, and can use remittance as a potential pathway out of poverty. Migration, especially for skilled workers also provides an escape from crime, violence and lawlessness (Parkins, 2010).

### Migration—For the source country

There exists a significant economic and political rationale for states to facilitate labor emigration. Labor migration facilitates a range of growth-inducing advantages for the source country's economy, encompassing trade, investment, and aid (Clemens, 2011). Migration fosters Foreign Direct Investment (FDI) by encouraging diaspora investment and furnishing foreign investors with crucial information (Leblang, 2010). Probably the most important contribution however, is remittances from expatriate workers, which can amount to almost half of the country's GDP in some cases (World Bank, 2020), thus, emerging as a vital source of both citizen income and foreign currency in impoverished countries.

The economic rationale extends to both skilled and low-skilled migrant workers. Studies show that high-skilled workers tend to attract more foreign direct investment (FDI) to their home countries compared to low-skilled workers (Cuadros, Martín-Montaner, & Paniagua, 2019; Grossmann, 2016). Findings in the study indicate that migrants with management skills positively influence FDI, while an increase in the number of migrants in non-qualified positions has a negative impact on FDI decisions.

Remittance based on skill-level is a trickier issue. Rodriguez & Horton (1995) show that for the Philippines, the education level of migrants (indicative of the skill level) has no impact on the amount of remittances. Some studies (Johnson & Whitelaw, 1974; Rempel and Lobfell 1978) argue that skilled workers tend to remit more than low-skilled workers. The logic is derived from the fact that skilled workers tend to earn more, therefore, have the ability to remit more than the low-skilled workers (World Bank, 2003, 2006; IOM 2020).<sup>1</sup> However, some others find, for United States (McGarry & Shoeni, 1995) and Guyana (Aggarwal & Horowitz, 2002), the relationship between the workers' income and remittances is negative. Evidence by Faini (Faini, 2007) also supports the claim and establishes that skilled workers often remit less because they tend to spend more time abroad and reunite with family in the host country. Further building on Faini, a report with a richer analytical model developed by the Asian Development Bank (Niimi, Ozden, & Schiff, 2008) finds *decrease* in remittances for migrants with tertiary education, meaning skilled workers send less remittance as compared to the low-skilled workers.

In this globalized world with an increasing trend of migrant workers, where most are employed in low-skilled works<sup>2</sup>, their collective contribution to remittance cannot be negated. The remittance brought by low-skilled workers further, is not only important for the nation as a whole to maintain the balance of payment, but reaches the low-income household from where the low-skilled workers usually belong to. This creates the opportunity to mitigate the rich-poor divide in the source country and contribute to a more advance and equitable growth. The

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<sup>1</sup> "The survey found that higher-skilled workers send more money than the less skilled migrants and that an increase in skills increased the amount remitted by up to USD 255 per month between 2009 and 2019. Migrants' skills determined how remittances were invested and saved, with skilled migrants requesting family members to invest remittances into savings accounts whereas unskilled migrants generally used remittance to pay off loans. Higher skilled migrants were employed in better paid jobs and were more likely to send higher remittances for longer periods than lower skilled migrant workers." (IOM, 2020)

<sup>2</sup> See for example: "Immigrants are 60 percent more likely to be employed in low-skilled occupations than native-born workers. (in the US)" (Camarota, 2012).

study on low-skilled remittance (Kratou, Pillai, & Sharif, 2023) highlighted that the policies aimed at increasing the proportion of low-skilled migrant workers could potentially enhance remittance flows to impoverished households and reduce income inequality in their home countries.

Therefore, the source country has motive to encourage and protect both skilled and low-skilled workers in order to sustain economic growth and/or to enrich their economic status.

There are also political gains from encouraging labor emigration, encouraging source states to further improve a smoother migration to the host country. Migration of workers to developed countries induces a positive effect on home-country institutions (Lodigiani, 2016). Greater emigration reduces domestic political violence and non-violent political contestation by providing exit opportunities and economic benefits to remaining citizens (Peters & Miller, 2022). When people can leave, those who are dissatisfied with the regime are less likely to stay and cause unrest. Additionally, the remaining job opportunities in the country will have less competition, which can improve economic conditions for those who remain, reducing the incentive for political conflict. When there are more economic opportunities abroad, increased freedom to emigrate leads to fewer anti-regime protests in autocracies (Barry et al. 2014).

While a large number of emigration could result in brain-drain and brawn-drain, research indicates that when educated (read skilled) migrants have the option to move abroad, it usually heightens the perceived benefits of education and encourages more individuals to be educated, thus increasing the number of educated individuals in the home countries where most might remain (Bhagwati and Hamada 1974; Bhagwati 1976; Mountford 1997; Stark, Helmenstein, and Prskawetz 1997, 1998). The possibility of moving abroad thus boosts investment in education (Beine, Docquier, and Rapoport, 2001, 2003) in the home country and encourages parents to send more of their kids to school. Therefore, while labor emigration indeed presents

challenges for sending countries, these costs may appear insignificant when compared to the potential benefits. The outstanding benefits could incentivize sending states to not only actively promote emigration but also avoid actions that could strain relations with host countries like demanding fair wages, reacting against migrant issues or signing a strict labor agreement.

#### Migration—For the host countries

Migrant workers significantly enrich the socio-cultural, political, and economic landscapes of their host countries. They enhance culinary diversity (Sajadmanesh et al., 2017), create memorable moments in sports (see: Mo Salah), contribute to the construction of impressive structures (Amnesty International, 2019), absorb asymmetric labor market shocks (Jauer et al., 2014) and generate billions in tax revenue (American Immigration Council, 2016). Economists widely agree that immigration of workers serves as a catalyst for economic growth and provides net economic benefits for host countries at an aggregate level (Goldin et., al 2011). A 1 percentage point rise in the proportion of migrants in the adult population can boost GDP per capita in advanced economies by up to 2 percent in the long run (Jaumotte, Koloskova, & Saxena, 2016). This growth is mainly due to higher labor productivity rather than an increase in the workforce-to-population ratio.

Immigration of workers however, is a tricky political balance. Many countries and societies within prefer to have an image of a culturally homogeneous and mono-ethnic group and migrant workers are often viewed as a threat to their jobs and economic security especially in the case of low-skilled workers. While migrant workers make important contribution in both skilled and low-skilled roles, the immigration policies in host states therefore, are predominantly tilted in favor of skilled migrants (Beine, Docquier, and Rapoport, 2003).

Low-skilled migrants fill crucial jobs that are in short supply among the native-born population, enhancing the economy's efficiency (Jaumotte et. al 2016). Employers often prefer migrant

workers in low-skilled works as they work longer hours and have less job mobility (Chuang 2006) resulting in fewer turnover and lower cost. When low-skilled migrants handle more manual routine tasks, native-born individuals often shift to more complex roles that require language and communication skills, where they have a comparative advantage. Thus, when low-skilled migrants provide essential housekeeping and childcare services (the “nanny effect”), it enables the native-born women to return to work or extend their working hours (Jaumotte et. al 2016). Consequently, areas with more low-skilled migrants see higher labor force participation among high-skilled females (Jaumotte et. al 2016).

Socio-political contexts also encourage the nationals to employ foreign workers. Often in Arab countries, the households prefer to employ migrant workers as domestic help rather than fellow Arabs given their social constraint of treating all Arabs the same. These states also prefer Asian workers over those from other Arab states, as they are perceived as “less likely to assert claims for citizenship or other political rights” (Winckler, 1997, p.487). This selective recruitment serves the interests of the receiving countries by managing potential socio-political implications associated with migrant populations.

An influx of low-skilled immigrants is often perceived to depress wages for low-skilled native workers (Borjas, Freeman, & Katz, 1997) and widen income inequality by increasing the income disparity between high-skilled and low-skilled workers (Borjas et al., 1997; Bansak et al., 2015; Macaluso, 2022). In a market with a large number of low-skilled workers, this perception fits in with the labor-market competition argument, which suggests that the effects of immigration on labor markets, such as wages and employment levels, depend significantly on whether migrants' skills complement or substitute for those of local workers (Ruhs, 2013). An increase in low-skilled workers is also assumed to reduce average income per capita in the short run and promote the adoption of less productive, more labor-intensive technologies

(Orefice, 2010). However, these arguments have been contested time and again and often been proved otherwise.

Papers such as Card (1990), have proved that economies often absorb the migrant workers creating more jobs and appear to have had virtually no effect on the wages or unemployment rates of the native low-skilled workers. Similar studies on the effects of migration on US states by Peri (2009) and Peri and Sparber (2009) have found that migration has no significant effect on the employment of natives either in the short or long run, indicating that the economy absorbs migrants by creating new job opportunities rather than by displacing incumbents.

Concerns over the use of social services are particularly pronounced for low-skilled migrant workers, often perceived as contributing less in taxes and having lower labor force participation rates while utilizing public resources extensively. A comprehensive OECD study comparing the fiscal impacts of immigration across European OECD countries, Australia, Canada, and the United States (OECD, 2013) reveals that despite initial fiscal challenges, young, employed, and single low-skilled immigrants can ultimately become net fiscal contributors over their lifetimes, albeit with varying impacts across different levels of government and depending significantly on their employment status. However, public perceptions regarding this issue remain largely unchanged.

Skilled migrant workers, on the other hand, are expected to be more beneficial for the host country's economy than low-skilled migrant workers because they pay higher taxes, require fewer social services, integrate faster than unskilled immigrants (Borjas, 2000; Constant & Zimmermann, 2013) and contribute to boosting research and innovation, as well as technological progress (Hunt, 2010). They contribute to providing a different perspective in problem-solving and are a source of non-overlapping knowledge networks, which if exploited correctly contribute to organizational innovation and cultural diversity in any organization

(Laursen et.al, 2020). Moreover, an influx of skilled immigrants can reduce income inequality by limiting the wage growth of skilled workers while increasing wages for unskilled native workers due to their reduced supply. If migrants are skilled, they will tend to raise per capita income and prompt a long-term increase in the economy's capital-labor ratio (Orefice 2010). They are therefore, often seen in a positive light by the native workers.

Naumann et al. (2018) found that wealthy natives tend to favor highly skilled migrants, regardless of their own skill levels, particularly when tax concerns are high. They emphasized that this preference persists over opposition to migrants with similar skills, contradicting the labor market competition argument.<sup>3</sup> The study highlights a stronger preference among wealthier individuals for highly skilled migrants over low-skilled ones, particularly in regions with high fiscal exposure to migration.

The labor market competition argument is also argued against by Hainmueller et., al (2010), where the findings suggest that contrary to expectations based on economic self-interest, poor natives in high-fiscal exposure states are most opposed to low-skilled immigration due to concerns about competition for public services and potential strain on welfare benefits. Additionally, both low-skilled and highly skilled natives show a strong preference for highly skilled immigrants over low-skilled ones, regardless of their own skill levels. Furthermore, the study indicates that concerns about welfare benefits among poorer natives outweigh concerns about taxes among wealthier ones, highlighting non-economic factors such as ethnocentrism and broader community impacts in shaping attitudes towards immigration.

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<sup>3</sup> The labor market competition argument posits that within a competitive labor market, workers possessing comparable skill levels tend to disfavor those with similar qualifications. This aversion arises from the fact that an increase in the labor pool, particularly with workers of equivalent skill, is inversely related to wage levels. As the supply of similarly skilled labor increases, the competition for available jobs intensifies, exerting downward pressure on wages and thus leading to potential wage suppression for these workers.

In conclusion, migrant workers at all skill levels enrich their host countries socio-culturally, politically, and economically. Despite studies proving minimal negative impact of low-skilled immigration on native wages, economic competition and social service use, natives still favor skilled migrant workers for higher tax contributions, innovation, and ethnographic priorities. Consequently, host countries are more eager to facilitate the migration of skilled workers than low-skilled workers.

#### Migration—For migrant workers

Migrant workers seek employment abroad primarily for economic security and better opportunities, influenced by factors like war, famine, and political instability. Assessing their high opportunity cost of not migrating, workers often are ready to face vulnerable situations just to stay and earn in the host country.

Skilled migrant workers often encounter challenges related to the recognition of their qualifications and experience, which can lead to barriers in securing employment that matches their skill level (Wagner & Childs, 2006). Additionally, they undergo varying levels of cultural shock upon entering a new work environment, characterized by a mix of emotions such as anxiety, confusion, excitement, and insecurity, which affects individuals differently (Guru et al., 2012). The adjustment period can also lead to significant stress due to substandard living conditions, heightened cultural disorientation, social isolation, and language barriers, which adversely affect their mental health (Im & Lee, 2012; Weishaar, 2008). Moreover, these challenges may exacerbate issues such as abusive treatment by supervisors, which not only directly impact work dynamics and relationships but also indirectly affect workers' overall well-being and their relationships outside of work (Bernardo et al., 2018). For high-skilled migrants in particular, additional ethical concerns arise in contexts like the United States and Northern Europe, including issues related to privacy, accessibility, property, and accuracy.



These combined stressors contribute to a decrease in overall health, particularly in terms of psychological and psychosomatic distress among migrant workers.

Low-skilled migrant workers, on the other hand, often are in danger of facing severe physical abuse due to their lack of education, financial resources, and dependency on employers due to visa contingencies or mobility restrictions between jobs. Low-skilled migrants, typically in economic desperation, often endure substantial financial losses to reach destination countries (Amnesty, 2023a), limiting their ability to return without financial and logistical support. Their precarious legal status, lacking proper documentation or work permits, further exposes them to exploitation and deters them from reporting abuses (Costa, 2022), especially in vulnerable sectors like domestic work<sup>4</sup> (ILO, 2018). Many endure long hours, low wages, and unsafe environments without adequate legal recourse, healthcare, or unemployment benefits (Smith, 2020). Low-skilled migrant workers often face marginalization and exclusion from legal and social protection policies, worsening their vulnerability to exploitation and abuse (MFA, 2013). Complex application processes, with legislative barriers, inadequate compliance with social security laws, and limited awareness of rights and entitlements complicating their access to benefits of social protection (MFA, 2013) also deters them from accessing necessary support and remains a significant concern among low-skilled workers (ILO, 2018). Existing laws often discriminate against migrant workers, leaving many without essential social welfare protections (SPHR 2015). Even with some favorable legislation, low compliance rates and complex application processes contribute to widespread gaps in coverage. These factors collectively undermine migrant workers' ability to assert their rights effectively and navigate the challenges they face abroad.

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<sup>4</sup> Domestic workers are particularly vulnerable because they are often not considered a part of the workforce and are excluded from labor law protections. Even in countries that extend labor law protections to migrant workers, domestic workers frequently remain unprotected due to this exclusion.

Incidents of violence, such as the deaths during construction for the 2020 World Cup in Qatar, highlight the global scope of these abuses. These workers endure exploitative conditions like wage theft and inadequate housing, as documented by Amnesty International (2023, 2023a) and the International Labour Organization (ILO, 2005). These challenges persist across even wealthy democracies, where migrant workers grapple with economic, social, and legal vulnerabilities (Haines, 2024; Garcia, 2023). The low-skilled workers are often stuck being low-skilled and cannot compete for higher-skill positions in the host countries due to limited access to quality education and vocational training in their home countries (IOM, 2022) and also language barriers in the host state.

Although, it is definite that all migrant workers necessitate robust social protection from host states, low-skilled migrant workers particularly require enhanced support compared to their skilled counterparts. This is due to their heightened financial, social, and economic vulnerability, compounded by limited access to legal remedies. A comprehensive agreement between states with strict adherence to the protection of the workers' rights could really protect these vulnerable group of low-skilled workers.

## Theory

To ensure migrant workers receive adequate social protection and the migration between countries is smooth, host and source countries, can employ several strategies. This includes adopting relevant UN and ILO Conventions and Recommendations into national laws, progressively establishing inclusive social protection systems that cover migrant workers, and adopting unilateral regulatory frameworks addressing the needs and demands of the home economy. When such unilateral provisions and other measures fail to meet the requirements of the countries and their economies, they come together to sign bilateral labor agreements.

Each BLA signed can contain different elements of protection of migrant workers, regulation of their movement and work, and development and recognition of their skills through their work, and accordingly comes under different names such as Memorandum of Agreement, Memorandum of Understanding, Framework agreement, Reciprocal agreements, Inter-agency understanding, Protocol, and others. For the purposes of this paper and the data used below, all of these agreements are compiled as BLA.

Source countries are usually eager to sign BLAs (Chilton and Posner, 2018; Gordon, 2010; Peters, 2019) as they provide protection and regulation for their citizens, thereby allowing the sending states to fulfill their *parens patriae* duty. Source countries also fulfill different social and economic objectives, such as maintaining access to foreign labor markets, alleviating domestic unemployment, boosting capital inflows through remittances (Blank, 2011; Go, 2007), and encouraging the repatriation of migrants to counteract brain drain (Oh, 1977; Özden & Schiff, 2005; Moraga, 2008). These countries may also seek to strengthen economic relations with specific states, as entering a BLA can pave the way for future trade and investment opportunities. The host country on the other hand has to make a careful consideration of signing the agreements, because the agreements impose certain costs which does not necessarily have to be borne.

In the migratory relationship, host countries offer financial or non-financial resources that migrant workers lack in their home countries (evident by the movement). They also bolster the economies of source countries through remittances and foreign direct investment opportunities. Particularly for low-skilled workers, the job-to-employee ratio is so stark that host countries can effortlessly attract workers from around the globe. This often also leads to a race to the bottom, with source countries competing to send workers willing to work for lower wages and less likely to complain. Consequently, host countries wield significant power and can often

forgo formal labor agreements with source countries, it is interesting to question then why do host countries agree to bear the cost of signing a BLA?

BLAs may also hold symbolic meaning for the participating countries. Scholars like Chilton (2016) and Poulsen & Aisbett (2016) suggest that BLAs can serve as a symbol of cooperation and partnership between sending and receiving states, demonstrating a commitment to addressing shared challenges such as labor migration. Host states might aim to secure non-migration-related benefits from source countries (Sykes, 2013), promote cultural ties, or gain symbolic political advantages (Chilton & Posner, 2018).

At occasions, host countries may be coerced to sign such agreements. They sometimes face international pressure to protect migrant workers and to demonstrate their commitment to this protection, they might initiate labor agreements. For instance, the outcry over human rights violations of low-skilled migrant workers at the Qatar World Cup led Qatar to sign or improve labor agreements with various origin countries. Sometimes the pressure is built from source countries, which can threaten to ban migrant workers from traveling to host countries due to safety concerns, unless an agreement of protection is signed. An illustrative case is the 2018 Malaysia MOU, where the two governments invested considerable time and political capital in negotiating the agreement, especially against the backdrop of a ban on Nepali worker departures to Malaysia.<sup>56</sup>

Scholars (Blank 2011; Chanda 2009; Chi 2007; Plotnikova 2012) argue that usually wealthy countries with poor human rights records sign BLAs with sending countries concerned with the labor rights of their citizens abroad. Chilton and Posner (2017) hypothesize that wealthy countries are more likely to sign these agreements when they need labor and when the receiving

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<sup>5</sup> See: Five Corridors Project. (n.d.). Nepal - Qatar: Bilateral arrangements. Retrieved June 19, 2024, from <https://fivecorridorsproject.org/nepal-qatar/nepal-qatar-bilateral-arrangements>

<sup>6</sup> Instances such as these where forbidding workers to host countries are taken seriously by the host state is also proof of the importance placed on the workers by the host country.

and sending countries have different political regimes, aiming to secure the rights of their citizens abroad.

Though often overlooked, skills shortages and gaps are among the primary reasons for entering into such labor agreements with the source countries (ILO, 2020). Host countries sign labor agreements with the source countries when they cannot fulfill the demand for the workers of a particular skill set within their territory and seek to facilitate the movement through a promise of protection for the migrants. Peters (2019) argues that host states will only sign BLAs when they cannot meet the number or quality of labor within their territory through unilateral policies. This is supported by the finding that host states are less likely to sign labor agreements with source states from which they already have a substantial migrant population. When the source state has a large pool of labor that could benefit the host state, the host state is willing to give up some autonomy over its immigration policies to ensure that the source country's citizens have greater protections than they might have without a treaty. While this argument may have some explanatory power, it cannot explain why a country like Germany or Japan which have a good human rights record, have signed many BLAs. Nevertheless, the theory provides an excellent base for the central argument of this paper.

Host countries sign BLAs to secure a quality workforce across both skilled and low-skilled sectors. However, as discussed in the review section, high-skilled workers contribute more significantly to the host country's economy and host countries' citizens generally prefer skilled workers over low-skilled ones. Consequently, host countries will negotiate more favorable agreements for skilled workers. This preference aligns with a cost-benefit analysis: when countries invite skilled workers and bear the costs of aligning themselves with the provisions in the BLAs, they anticipate that the benefits derived from these workers will outweigh the costs. Skilled workers bring specialized knowledge, innovation, and productivity enhancements, which are critical for the economic growth and competitiveness of the host

country and therefore worth the cost imposed. Low-skilled workers also contribute to the development of the host countries' economies but are not perceived as a valuable resource, therefore, not worth the cost.

From an economic perspective, it is rational for host countries to prioritize skilled workers, reflecting their higher perceived value. However, there is an alternative viewpoint to consider. BLAs are usually signed for the protection of workers' rights and their smooth transition from their home country to their host country. Skilled workers, being more educated, resourceful, and vocal about their rights, may not require as strict protective provisions as low-skilled workers. In contrast, low-skilled workers are often less educated and less equipped to advocate for themselves, necessitating more comprehensive governance and protection. Low-skilled workers might (and do) face harsher working conditions and greater exploitation, making robust protective measures essential for their well-being and integration into the host society. A BLA should therefore, be signed more comprehensively in terms of low-skilled workers.

While this argument highlights the need for stringent protections for low-skilled workers, the economic and political advantages of skilled workers often overshadow these concerns. Host countries assess the protection needs of low-skilled workers against the economic benefits they provide and deem extensive BLAs unnecessary. Additionally, the political capital and public support garnered from attracting skilled workers further incentivizes host countries to favor skilled labor in their agreements.

Given this, our central hypothesis posits that host countries sign better BLAs for skilled workers than for low-skilled workers because they value skilled workers more highly. The economic benefits, along with the political and social advantages of hosting skilled workers, reinforce this preference, despite the legitimate need for protection and regulation for low-skilled workers.

*HYPOTHESIS: Countries sign better BLAs for skilled workers than low-skilled workers as they value the skilled workers more.*

This argument stands on the fact that BLAs pose significant costs to the host state. A review into what these costs (and benefits) are then is necessary.

### **Bilateral Labor Agreements—Pros and Cons**

A BLA serves three major purpose—governance, protection and development, of migrant workers. While each of these purposes provides distinct benefits, they also impose certain costs, particularly on the host countries. In the empirical analysis of this paper, I will examine each of these three purposes individually to understand how their inclusion varies with changes in skill levels. Therefore, it is essential in this section to delineate the specific elements contained within each category.

#### *Governance Function*

First, Bilateral Labor Agreement (BLA) serves several critical governance functions in managing the flow of migration. It establishes a framework for contracting countries to recognize and adhere to international norms concerning the governance of migrant workers, as outlined in UN universal human rights instruments, core ILO Conventions, migrant worker-specific instruments, and other labor standards. These agreements facilitate the exchange of information on the number, categories, and occupational qualifications of desired and available migrant workers, enabling the legal and temporary employment of foreign workers to fill specific vacancies in receiving states. States or private employers, often with governmental assistance, can seek employees in source countries, coordinating their movement with major stakeholders in migration, including workers, employers, recruitment agencies, and NGOs concerned with migrant worker welfare.

BLAs enable the safe movement of workers according to the terms outlined in the agreement, helping host states address labor shortages in sectors demanding migrant labor, thereby sustaining industries reliant on such labor and enhancing productivity by ensuring key positions are filled. This process mitigates the vacancy and screening costs (Peters, 2019) that host countries might otherwise incur. The host states forego the opportunity costs of unfilled positions (vacancy costs) and the difficulty of determining the relevant skills of migrants (screening costs) due to differing educational and technical qualifications across countries. BLAs often include provisions for the screening of migrant workers by source countries before their employment in host states, ensuring that individuals with criminal backgrounds or malicious intentions, such as terrorists, are not able to enter the host country under the guise of migrant labor (Plotnikova, 2011). By controlling the flow of migrants and implementing security measures, BLAs contribute to the overall safety and security of the host states.

Host countries aim to meet the labor demands of various industries, manage both regular and irregular migration, and foster cultural and political relationships with their co-signatories (Blank 2011; Go 2007). Host countries may seek to attract migrants to address specific labor market needs, such as the oil industry demand in the 1970s, the post-war industrial workers' demand in Germany (which invited over a million guest workers (*Gastarbeiter*) through 1955 to 1970s), or the recent need for healthcare workers to support aging populations in Canada, Japan and the United States. Enhancing control over regular and irregular migration is a significant motivator for host countries (Blank 2011; Moraga 2008).

Governing migrant workers according to the terms of the BLA also imposes certain financial, administrative and legal costs on the source and (especially) host countries.

Establishing a framework to manage an agreement entails significant administrative, legal, and social service costs. Setting up institutions like joint committees and monitoring agencies,



hiring and training staff, and aligning national laws with international standards involve considerable administrative expenses, particularly in countries where bureaucrats are underpaid and overburdened. Compliance with certain provisions to the BLAs requires costly legal reforms and ongoing regulatory expenses, while regular monitoring and enforcement add continuous costs.

Additionally, fair governance practices emphasize employers or the host state must cover the costs of visas, travel, insurance, medical expenses, and other recruitment-related costs. This can be substantial, especially if the number of incoming workers is high. Therefore, there are actual financial costs that have to be borne by the employers or the host state, making hiring the workers more expensive and troublesome. Furthermore, providing integration programs for migrant workers, such as language courses, cultural orientation, and skills training, requires additional funding and resources, thereby increasing recruitment and integration costs.

#### *Protection of workers' rights*

Maybe the most important function that the BLAs serve is to provide a legal framework that sets out the rights and obligations of both employers and migrant workers, and protect the interests of the migrant workers. These agreements often include provisions related to wages, working hours, health and safety standards, access to social security, and avenues for dispute resolution. By codifying these rights in a legally enforceable document, source states aim to protect the rights of their nationals abroad, enhance working conditions, and negotiate equitable contracts with minimum standards (Blank, 2011; Chilton & Posner, 2018; Moraga, 2008).

Protection provisions often also mandate the national treatment and non-discriminatory provisions for migrant workers regardless of their nationality, race, religion or sex. Migrant workers are awarded equality of treatment in wages, social security, working and living conditions and trade union rights that are at par with the national workers of the host country.

Often times BLAs serve functions of providing protection or additional protection to groups that might not at all or adequately protected by the general provisions of the host countries' laws or regulatory provisions. These groups generally include women, people of various sexual orientations, indigenous groups, or groups usually employed in sectors of informal economy for example: domestic workers. Such groups are often cheated and exploited mainly due to their vulnerability, and lack of special recognition by the economy. In such cases, BLAs also agree upon an employment contract (some even specifying a model contract in the agreement), that usually specifies wages, overtime, scope of the contract, duration of work, applicable laws and others.

The protection of migrant workers as outlined in BLAs imposes several costs on host states. Implementing and enforcing provisions related to wages, working hours, health and safety standards, and access to social security requires significant resources. If the advantage that migrant workers bring is longer hours with low-wage, ensuring that they be paid wages similar to the nationals with shorter working hours, would again make them expensive and they might lose their competitive advantage. Further, ensuring compliance with these standards demands a robust regulatory and monitoring framework, which can be expensive to establish and maintain. This includes hiring inspectors, conducting regular audits, and setting up systems to monitor working conditions and social security access.

Addressing issues such as the retention of identity documents, involves training for employers and public employment services, setting up new enforcement protocols, and potentially increasing oversight to ensure compliance. Additionally, the establishment and maintenance of effective dispute resolution systems to address conflicts between migrant workers and employers entails not only significant legal and administrative costs but also necessitates, in certain instances, the imposition of sanctions on the state's own citizens, which could adversely affect the state's political standings.

### *Development of migrant workers*

In addition to governing the flow of migrant workers and protecting their rights in the host state, a BLA also has often provisions for the development of skills through trainings available to the workers, which makes signing the BLA more attractive for both the source country and its migrant workers. Often times skilled workers in the source country are forced to work in low-skilled jobs at the host country because their skills and education is not recognized by the employers in the host state. A BLA helps facilitate this by recognizing skills and qualifications beyond borders and help mitigate loss of valuable human resource.

Regulation and free flow of remittance is another important reason countries sign BLAs for (Chilton & Posner, 2018). The typical rule concerning remittances is that workers can send their savings home without restrictions on transfer as long as they follow the destination country's laws and regulations. Some agreements, especially those in Europe and the Americas, do not specifically mention facilitating remittances, which might just indicate that there are no restrictions on transferring money. Further, BLAs often provide for a secure way of transferring remittance to the source states, which can reduce the illegal transfer of remittance and provide a more transparent and accountable path for the source government to receive such payments.

Some BLAs also include pathways to gaining citizenship through work. The terms and conditions of how such is possible is outlined in the agreement. On the contrary, provisions for reintegration of the returning migrant is also sometimes included. The source country takes on the responsibility to provide resources to the migrant workers to come back and flourish on the skill gained through the work at the host country.

Again, there are costs involved, which has to be borne by both host and source countries.

Encouraging and facilitating candidate migrant workers to attend vocational training and language courses involves the cost of organizing and running these programs. This includes

hiring trainers, developing curricula, and providing facilities and materials for the courses. Both countries might need to invest in educational infrastructure and resources to ensure that these training programs are effective and accessible. Host states might have to bear higher costs as they might train the workers, and the workers could just leave the country within a few years.

Regarding remittances, ensuring that workers can send their savings home without restrictions involves setting up secure and efficient systems for money transfers. Host states need to ensure compliance with their financial regulations while also providing a transparent and accountable path for transferring remittances. This could mean upgrading financial infrastructure, improving regulatory frameworks, and ensuring that financial institutions are capable of handling these transfers securely. Source states, on the other hand, need to manage and monitor the inflow of remittances to ensure that they are utilized effectively and to prevent illegal transfers, which requires administrative oversight and regulatory mechanisms.

Facilitating pathways to legal permanent residence status or citizenship is again a very tricky political issue. This may be opposed by the citizens of the country where immigrants are not really welcomed. States have to be very careful in dealing with the issue and facilitate such pathways strategically. In contrast, source states need to ensure that returning workers can reintegrate smoothly, which requires investment in support services and infrastructure.

In summary, the development-related provisions in BLAs bring various costs to both host and source states. Both states need to invest in infrastructure, administrative processes, and social services to fulfill these provisions effectively.

### Empirical Analysis

Using the Chilton Dataset (Chilton et al., 2022, 2018), this paper categorizes BLAs based on the skill level of the targeted workers and conducts multiple regression analyses to determine if the quality of agreements for low-skilled workers is inferior compared to those for skilled

workers. The quality of a BLA is judged based on the criteria of good practices provided by the International Labour Organization.

Good practices have been defined as provisions in BLAs and MOUs that are consistent with – and contributing to – the three major objectives of migration policy and bilateral labor agreements: (a) good governance; (b) protection and empowerment of workers; and (c) development benefits from migration (Wickramasekara 2018). A thing to note is that these practices are preferably included in the BLAs, and not all provisions may be relevant to all agreements. But it does provide a blueprint for the ideal agreement that would regulate the workers' movement, and protect and develop their rights and interests. While all three categories are important, given its overriding importance, “protection and empowerment of migrant workers' rights” is considered an essential condition for selecting a “good practice” (Wickramasekara 2018).

#### Database

The Chilton Dataset (Chilton et al., 2022, 2018), is the most comprehensive list of all the publicly available BLAs signed around the world. Often BLAs are considered to be strategic documents signed between the two nations and countries are reluctant to publicize the document. In a few instances therefore, while the news of the signing of BLAs might be published, it is difficult to find the exact agreement and its contents. The dataset however covers BLAs from all possible sources—ILO, UN Treaty Collection, World Treaty Index, Internet and the Foreign ministry databases—and includes a total of 582 BLAs. It then assesses each of the agreements on the 20 criteria prescribed as “good-practices” by the ILO (see Annex for the assessment questions).

## Method and Findings

Because I seek to understand if countries sign different BLAs for different skill-levels, the dependent variable is defined as the average of criteria satisfied (in %) within each agreement, which I refer to as the BLA score. The independent variable is the skill level, coded as 1 if the agreement is signed to invite skilled workers and as 0 if low-skilled. BLAs signed for skilled workers were distinguished with terms such as "student", "vocational", "professional", "science", "technical", "training", "trainee", "health", "teacher", "skilled", "language", and "youth". BLAs for low-skilled were classified as texts containing key words such as "agricultural", "seasonal", "holiday", "domestic", "home-based", "caregivers", "contract labor".

Of the 582 total BLAs this classification according to skill level captures 228 agreements i.e. only 228 agreements were signed for specific worker types. The rest of 354 agreements are signed for general workers and do not specify the particular skill set or work. Consequently, the analysis is limited to the remaining 228 agreements which could affect the statistical power of the study and the robustness of the conclusions drawn. However, since I am specifically trying to determine if BLAs are signed differently for skilled and low-skilled workers, focusing on the 228 agreements that clearly define worker skill levels is crucial for our analysis. By concentrating on these explicit distinctions, I can more accurately assess the differences in BLA quality based on skill level, as defined by the criteria of good practices provided by the International Labor Organization.

After such distinction, the number of agreements concerning skilled workers is 101 and low-skilled workers is 127. While the difference in the number of agreements for skilled and low-skilled workers should be acknowledged, it is unlikely to significantly impact the regression results as the difference is not large. To test the impact of the difference in numbers, I check the residuals for homogeneity of variance.



The residual plot displayed provides a graphical representation of the residuals (the differences between observed and predicted values) from the regression analysis of BLA scores according to skill level. On the y-axis, the residuals are plotted, while the x-axis represents the indices of the observations. In this plot, the residuals appear to be fairly evenly distributed around the zero line with no evident pattern, indicating that the variance of the errors is constant (homoscedasticity) and that there is no systematic pattern that the model is missing, suggesting that the assumptions of linear regression are reasonably met. While a few residuals are farther from the zero line, potentially indicating outliers, there is no clear trend or curvature, which supports the appropriateness of a linear model. Overall, the residual plot does not show any significant issues, implying that the model fits the data well and the difference in the number of agreements for skilled and low-skilled workers is not likely to have a major impact on the regression results.

### *Preliminary Findings*

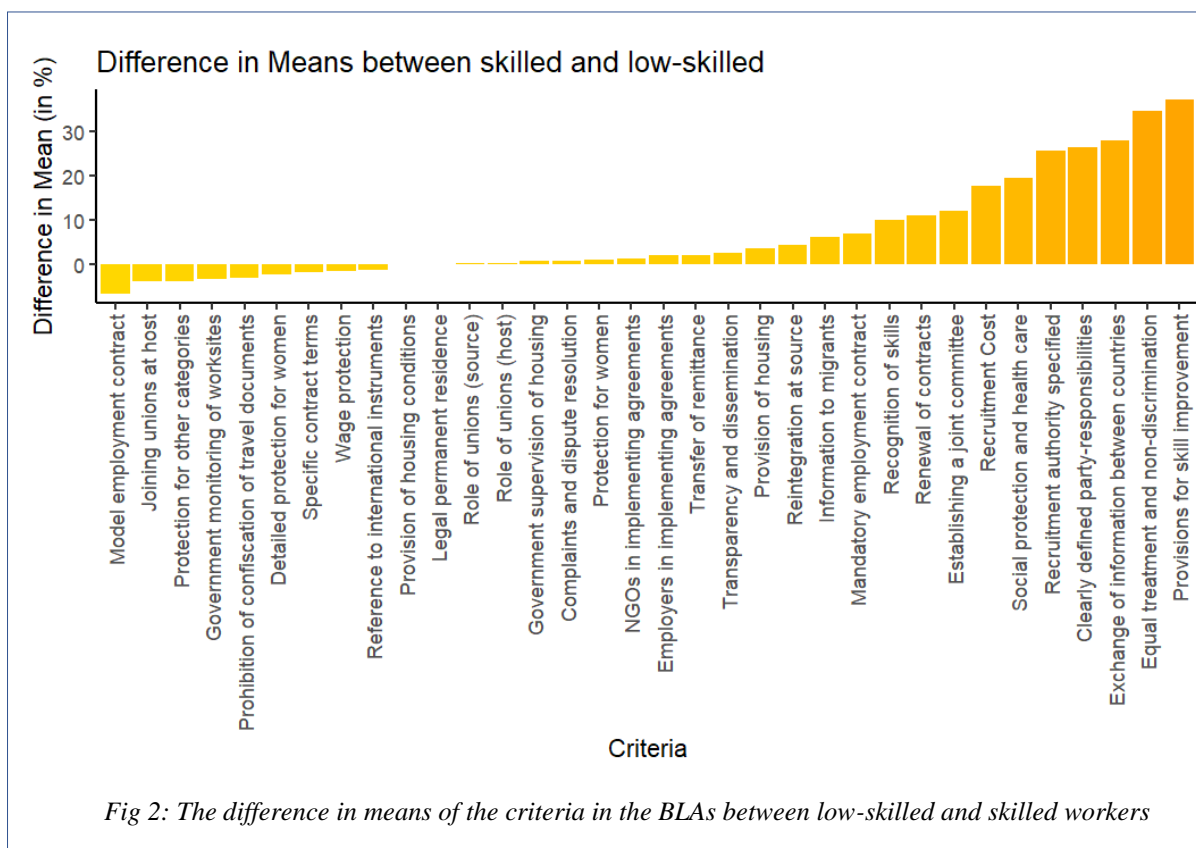
First, in all of the 582 agreements signed, the average BLA score is merely 17.15%, meaning the agreements only have around 17 percent of the 20 good practices. Of the 20, this indicates that on average, a BLA complies with around 3 practices. The average is 9.56% for low-skilled and 16.16% for skilled workers. Such low averages indicate that BLAs do not often meet the criteria as prescribed by the ILO. A question asking if then these documents are really useful could be posed. If they are not meeting these good practices, one must consider whether the agreements are effectively serving their intended purpose and if there is a need for reevaluation or enhancement of the standards to ensure better compliance and effectiveness. However, such inquiry is beyond the scope of this current paper and is a space for future researches to explore.

Agreements	Average BLA score (in %)	Fulfillment of Good Practice (out of 20)
For Low-skilled workers	9.56	1.9
For skilled workers	16.16	3.23
Across all	17.15	3.43

*Table 1: Agreements and their average BLA scores with the indication of how many of the 20 good practices are met on average.*

Next, if the agreements differ in terms of low-skilled and skilled workers, it is interesting to see what are the criteria most favored in skilled workers' agreements, compared to that of low-skilled. A simple difference in means gives us the following result (Fig. 2).





The figure reveals that for many criteria, the difference in average scores between skilled and low-skilled agreements is minimal or non-existent, as indicated by the bars close to zero near the center. The criteria on the left for example, "Model employment contract" and "Joining unions at host" show that these provisions are included more in agreements for low-skilled workers than for skilled workers. As we move to the right, the differences become more pronounced, with criteria like "Provisions for skill improvement," "Equal treatment and non-discrimination," and "Exchange of information between countries" showing the largest positive differences, indicating that skilled agreements score significantly higher in these areas compared to low-skilled agreements. The figure shows that agreements for skilled workers exhibit over a 30% higher average score for provisions related to skill improvement compared to those for low-skilled workers. This substantial difference highlights that skilled worker agreements are significantly more robust in offering skill development opportunities.

Overall, this visualization highlights that skilled agreements generally perform better in most areas, suggesting that these agreements are more comprehensive or rigorous in addressing the needs of skilled workers. This analysis can be useful for policymakers and stakeholders to identify where improvements are needed to ensure more equitable and effective agreements across different skill levels.

### *Regression analysis*

The first test in the Economic model (Table 2) predicts if BLA score is affected by the skill level. The control variables are added in groups in four further tests. I control for: 1. the number of employers in each state, 2. the state of unemployment, 3. the availability of labor workforce, and 4. trade in goods and services among the states. The final test includes all the control variables. The data for control variables is retrieved from the World Development Indicators (WDI) (World Bank 2012). The skill level for each of the control variables are judged on the basis of their education attainment. Since, low-skilled workers are those on lower secondary level of education, the equivalent of such is the “Basic education” which comprises primary education or lower secondary education according to the International Standard Classification of Education 2011 (UNESCO 2012). In reviewing the agreements skilled workers are generally are those who have completed upper secondary or post-secondary non tertiary education, which is classified in WDI as “Intermediate education”. So, I use the same standard to determine low-skilled or skilled in the control variables. Thus, Labor force with intermediate education is listed as skilled labor force and Labor force with basic education is listed as low-skilled workforce. The same standard applies for all other controls.

Next, I test a Geo-Political model (Table 3), adding in political variables like the Polity score (Marshall et.al, 2019) and geo-political variables like: common language, common colony, and the distance between capitals (data extracted from: Mayer & Zignago, 2006). The control

variables are again added in groups. Column (I) has controls of the polity scores for both host and source states, (II) has the added geographic controls. I then test the combination of political and economic control variables (III). Given a small dataset, I am unable to control for economic, political and geographic controls all together. To overcome the small dataset barrier, I impute my data, the results of which is represented in column (IV).

The imputation process comprises several steps to address missing data in the economic control sets, utilizing information from the OGHIST dataset (World Bank, 2023). Initially, the datasets are loaded and pre-processed. For each missing value in the WDI dataset, the imputation function identifies the income category (L, LM, UM, H)<sup>7</sup> of the corresponding country and year from the OGHIST dataset. Subsequently, it locates other countries that fall into the same income category for that specific year. The function then retrieves the corresponding values for these countries from the WDI dataset, calculates their average, and uses this average to impute the missing data. This method assumes that countries within the same income category exhibit similar economic indicators for the given year, thereby ensuring a more consistent and accurate dataset.

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<sup>7</sup> Division of countries according to their income level. L: Low-income countries; LM: Lower-middle, UM: Upper-middle, H: High-income countries.

**Table 2: Economic Model: Effect of skill level in BLAs with economic controls**

	Base	Employer	Un-employment	Labor	Trade	Economy
Skill level	6.5973 (1.5181) ***	7.2015 (1.6641) ***	9.3378 (2.2609) ***	8.6487 (2.4329) ***	8.8362 (1.816) ***	11.3842 (2.3856) ***
Total employers (Host)		-2.0723 (0.6733) **				-1.3123 (1.4354)
Total employers (Source)		-0.8307 (0.4352) .				-0.5497 (0.8267)
Low-skilled unemployment (Host)			-1.2321 (0.3084) ***			-0.2931 (0.3869)
Skilled unemployment (Host)			-4.5692 (1.1595) ***			-2.4307 (1.3717) .
Total unemployment (Host)			6.7389 (1.3024) ***			3.1814 (1.514) *
Low-skilled unemployment (Source)			0.0266 (0.163)			0.4641 (0.2439) .
Skilled unemployment (Source)			0.5833 (0.4289)			-0.4908 (0.6268)
Total unemployment (Source)			-1.108 (0.5837) .			-0.286 (0.8109)
Low-skilled labor (Host)				0000 (0000) ***		0.1513 (0.1192)
Skilled labor (Host)				-0.8256 (0.2007) ***		-0.4961 (0.2515) .
Total labor (Host)				0.2727 (0.1174) *		0000 (0000) **
Low-skilled labor (Source)				0000 (0000)		0.1921 (0.1141) .
Skilled labor (Source)				0.0766 (0.0831)		-0.4914 (0.1963) *
Total labor (Source)				-0.0502 (0.1805)		0000 (0000)
Trade (% of GDP) (Host)					0.0314 (0.0368)	-0.0128 (0.0502)
Trade in services (% of GDP) (Host)					0.1107 (0.1797)	-0.0719 (0.3345)
Trade (% of GDP) (Source)					-0.0141 (0.0215)	-0.0084 (0.025)
Trade (% of GDP) (Source)					0.0476 (0.0861)	0.1206 (0.1417)

-- Significant codes p-value: 0 '\*\*\*\*' 0.001 '\*\*\*' 0.01 '\*\*' 0.05 '.' 0.1 ' ' 1

-- Standard errors in parenthesis

**Table 3: Geo-Political Model: Effect of skill level in BLAs with geo-political and imputed controls**

	I	II	III	IV
Skill level	5.4311 (1.561) ***	2.9246 (1.9573)	11.1181 (2.6991) ***	5.0914 (2.5423) *
Polity (Host)	-0.7877 (0.162) ***	-0.7302 (0.1474) ***	-1.323 (1.3466)	-0.5726 (0.3068) .
Polity (Source)	-0.1799 (0.0704) *	-0.0588 (0.0915)	-0.0106 (0.1288)	0.0642 (0.1065)
Neighboring countries		9.7628 (4.0526) *		2.7934 (11.5928)
Common Language		-0.2613 (2.5201)		-0.971 (3.4916)
Common Colony		-9.9805 (6.7238)		-18.2509 (8.9814) *
Distance from the capital		-0.0006 (0.0002) **		-0.0002 (0.0002)
Total Employers (Host)			-2.7516 (2.186)	1.2257 (1.2295)
Total Employers (Source)			-0.784 (1.1089)	-2.4011 (0.7618) **
Low-skilled unemployment (Host)			0.5558 (0.7209)	-0.3774 (0.3228)
Skilled unemployment (Host)			-1.8632 (1.8472)	0.3714 (0.6084)
Total unemployment (Host)			2.5448 (1.9825)	-0.18 (0.4092)
Low-skilled unemployment (Source)			0.4314 (0.3021)	-0.3074 (0.322)
Skilled unemployment (Source)			-0.5187 (0.6971)	-0.0077 (0.3931)
Total unemployment (Source)			-0.0625 (0.929)	0.6347 (0.3936)
Low-skilled labor (Host)			0.0145 (0.1709)	0.0835 (0.1297)
Skilled labor (Host)			-0.0835 (0.4536)	-0.1404 (0.2529)
Total labor (Host)			0000 (0000) **	0000 (0000)
Low-skilled labor (Source)			0.2575 (0.143) .	0.2 (0.1102) .
Skilled labor (Source)			-0.7047 (0.2847) *	-0.2117 (0.1443)
Total labor (Source)			0000 (0000)	0000 (0000)
Trade (% of GDP) (Host)			0.1615 (0.1262)	0.0427 (0.0667)
Trade in services (% of GDP) (Host)			-1.05 (0.8108)	0.1279 (0.2527)
Trade (% of GDP) (Source)			0.0110 (0.0539)	0.0171 (0.041)
Trade (% of GDP) (Source)			0.0834 (0.1705)	0.1513 (0.1293)

-- Significant codes p-value: 0 '\*\*\*\*' 0.001 '\*\*\*' 0.01 '\*\*' 0.05 '.' 0.1 '.' 1  
-- Standard errors in parenthesis

**Table 4: Categorical Model: Effect of skill level in particular categories of the BLAs**

	Governance	Protection	Development
Skill level	7.4833 (3.1372) *	-0.3739 (3.6158)	14.8819 (3.6368) ***
Polity (Host)	-0.5312 (0.3786)	-0.6894 (0.4363)	-0.3442 (0.4389)
Polity (Source)	0.1234 (0.1315)	0.0929 (0.1515)	-0.1306 (0.1524)
Neighboring countries	-3.3054 (14.3056)	-1.3845 (16.4879)	26.1317 (16.5837)
Common Language	-4.0066 (4.3087)	2.38 (4.9659)	-3.8356 (4.9948)
Common Colony	-6.2945 (11.0831)	-29.5719 (12.7737) *	-11.9748 (12.848)
Distance from the capital	-0.0001 (0.0003)	-0.0004 (0.0003)	-0.0001 (0.0003)
Total Employers (Host)	0.5864 (1.5172)	1.7509 (1.7487)	1.1036 (1.7588)
Total Employers (Source)	-3.4182 (0.9401) ***	-2.3185 (1.0835) *	-0.5872 (1.0898)
Low-skilled unemployment (Host)	-0.2329 (0.3983)	-0.4095 (0.459)	-0.5811 (0.4617)
Skilled unemployment (Host)	0.1316 (0.7508)	0.905 (0.8653)	-0.572 (0.8704)
Total unemployment (Host)	-0.5308 (0.505)	-0.1442 (0.582)	0.4261 (0.5854)
Skilled unemployment (Source)	0.217 (0.4851)	0.3489 (0.5591)	-1.4079 (0.5624) *
Low-skilled unemployment (Source)	-0.5053 (0.3973)	-0.1202 (0.4579)	-0.4106 (0.4606)
Total unemployment (Source)	0.8035 (0.4858)	0.1587 (0.5599)	1.5664 (0.5631) **
Total labor (Host)	0000 (0000)	0000 (0000)	0000 (0000)
Skilled labor (Host)	-0.4139 (0.3121)	-0.0973 (0.3597)	0.2916 (0.3618)
Low-skilled labor (Host)	0.1769 (0.1601)	0.1408 (0.1845)	-0.2564 (0.1855)
Total labor (Source)	0000 (0000)	0000 (0000)	0000 (0000)
Skilled labor (Source)	-0.3488 (0.178) .	-0.0986 (0.2052)	-0.2391 (0.2064)
Low-skilled labor (Source)	0.2442 (0.136) .	0.2287 (0.1568)	0.0348 (0.1577)
Trade (% of GDP) (Host)	-0.0118 (0.0822)	0.0962 (0.0948)	0.0089 (0.0953)
Trade in services (% of GDP) (Host)	0.2657 (0.3118)	0.1434 (0.3594)	-0.189 (0.3615)
Trade (% of GDP) (Source)	0.0065 (0.0505)	0.0231 (0.0583)	0.0227 (0.0586)
Trade (% of GDP) (Source)	0.1526 (0.1595)	0.145 (0.1839)	0.1659 (0.1849)

-- Significant codes p-value: 0 '\*\*\*\*' 0.001 '\*\*\*' 0.01 '\*\*' 0.05 '.' 0.1 ' ' 1

-- Standard errors in parenthesis

Where the imputed dataset reduces the number of missing data points, allowing for the inclusion of more controls, the overall statistical model better fits the non-imputed data. The non-imputed data exhibits lower residual standard error, indicating greater predictive accuracy, and higher R-squared values, reflecting superior explanatory power. While both models yield low p-values for the F-statistic, signifying that the regression models are statistically significant, the non-imputed data results are more reliable and accurate. In simple terms, although both models are statistically significant, the results derived from the non-imputed data provide a more precise and dependable analysis. Both the imputed and non-imputed data shows a statistically significant positive correlation between the skill level and the BLA score.

Next, I dive deeper into the particular categories of the criteria—good governance, protection and empowerment of workers and development benefits of migration. The dataset used is imputed for the same reason of adjusting for controls. The findings of such is illustrated in Table 4.

#### *Findings from Regression Analyses*

Across all tested models, skill level is a statistically significant determinant of the BLA score in almost all cases.

The economic model shows that, keeping geopolitical factors constant, the BLA score improves by 11% when signed for skilled workers compared to low-skilled workers. This highlights the importance of skill level in forming more comprehensive and beneficial agreements. The total number of laborers in the host country seems also to significantly impacts the BLA score. A larger workforce tends to lead to better agreements, although this effect is marginal. Additionally, total unemployment in the host country positively influences the BLA score, indicating that countries with higher unemployment may push for more comprehensive labor agreements. Interestingly, variables related to skilled workers generally show an inverse

relationship with the BLA score, whereas variables related to low-skilled workers show a positive relationship. This suggests that agreements for low-skilled workers might be more comprehensive or rigorous in addressing their needs compared to those for skilled workers.

In the Geo-Political models, the polity score of the host state consistently has an inverse relationship with the BLA score, implying that countries with weaker democratic values often sign more comprehensive BLAs. This supports the previously discussed theory that countries with weaker protection of human rights tend to negotiate better labor agreements to perhaps compensate for other deficiencies. Though these factors do not directly impact the dependent variable, the Geo-political model also interestingly point out that countries sharing borders will sign better BLAs with each other, but the states will also sign better BLAs with states which are farther away, whose languages are different, and whose colonial history is not the same. This also points to the mistrust that countries might share with far away countries, with a foreign language and colonial history, pointing out that workers in such regions might require better protection or development strategies.

Overall, when including (almost) all controls in the non-imputed dataset, I find that skill level is the most statistically significant determinant of the BLA score. Skill level being the most statistically significant determinant means it has the strongest impact on the BLA score compared to other factors considered in the models. A jump from low-skilled to skilled workforce improves the BLA score by 11.12%. The 11.12% improvement in the BLA score when transitioning from low-skilled to skilled workers indicates a substantial enhancement in the quality and comprehensiveness of the agreements. Taken in practical terms, this signifies that on average, an agreement for skilled workers will have 3.5+ more provisions than a low-skilled workers' agreement will. This result signifies that agreements for skilled workers are likely to be more detailed and contain more provisions addressing various aspects such as worker rights, protections, and benefits compared to agreements for low-skilled workers. This



underscores the importance of skill level in shaping comprehensive and effective labor agreements.

The imputed data, also shows a similar positive correlation between skill level and BLA score, although the estimate is lower. It predicts that a change in the skill level will increase the BLA score by 5.09%, which is still significant. Two other variables, the total employers in source countries and presence of a common colony also stands out. If there are fewer employers in the source countries, the governments sign better BLAs. Finally, the larger the number of low-skilled workers in the source country, the better the BLA.

### *Categorical findings*

In the categorical model, skill level is statistically significant for the Governance and Development categories but not for the Protection category. The number of total employers in the source country appears to be a more statistically significant determinant of the governance score of a BLA. Interestingly, the larger the pool of total employers in the source country, the weaker the provisions of governance in BLAs. This could be because a higher number of employers might lead to a dilution of governance standards, as the need to accommodate diverse employer interests could result in less stringent governance clauses. This trend is observed in the Protection and Development categories as well, where a higher number of employers correlates with weaker provisions.

The difference in colonial history between countries also seems to significantly improve the protectionist clauses of BLAs. A BLA will have almost 30% better protection clauses when the countries do not share a common colonial history. This could be due to the absence of historical power dynamics that often accompany shared colonial histories, leading to more balanced and equitable agreements.

In the Development category, skill level has the highest impact. Transitioning from low-skilled to skilled workers increases the probability that a BLA will include development clauses by up to 14%. Skill level emerges as the most significant determinant of the development score, underscoring the importance of skilled labor in driving developmental benefits in labor agreements. Additionally, unemployment in the source country impacts the development score, although this effect is statistically less significant compared to skill level. This suggests that while unemployment influences development provisions, the skill level of workers is a more crucial factor in determining the comprehensiveness of development-related clauses in BLAs.

#### Implications of the findings

The findings substantiate our hypothesis that countries negotiate more favorable Bilateral Labor Agreements for skilled workers, reflecting the higher value attributed to these individuals. This is consistent with human capital theory, which posits that skilled workers are esteemed for their superior productivity and economic contributions. These findings underscore the critical role of skill level in formulating robust and detailed labor agreements tailored to the specific needs and contributions of skilled migrants.

The pronounced influence of skill level on the development clauses of BLAs underscores the economic value placed on skilled labor. This finding aligns with political economy literature that examines global competition for skilled workers, highlighting the incentives for host countries to offer more favorable agreements to attract skilled migrants.

While protection measures are universally applied, low-skilled workers may not benefit as significantly from governance and development provisions. Advocacy and policy efforts should focus on ensuring that BLAs for low-skilled workers also incorporate robust governance and development clauses to enhance their overall conditions.

For low-skilled workers, the positive correlation between their numbers in the source country and BLA comprehensiveness indicates that collective advocacy and support from their home countries can lead to better agreements. This underscores the importance of organizing and negotiating from a position of strength to secure favorable terms.

Policymakers in host countries should recognize the economic and developmental benefits of skilled labor and craft BLAs that attract and retain skilled migrants. Emphasizing strong governance and development provisions can enhance the appeal and benefits of these agreements.

For source countries, advocating for better BLA terms for skilled workers can yield significant developmental gains. These countries should negotiate agreements that include comprehensive development clauses to ensure that the migration of skilled workers also contributes to the home country's growth. If host countries do not value low-skilled workers, source countries should focus on training their workers to enhance their value. Additionally, for countries that heavily rely on remittances from low-skilled migrant workers, it is crucial to consider policy changes that facilitate the reabsorption of these workers into the domestic labor market. Overdependence on remittances can be perilous if host countries eventually decide to reduce their intake of low-skilled workers. This necessitates proactive strategies to mitigate potential future risks and ensure sustainable economic development.

In conclusion, these policy implications highlight the need for a balanced approach to labor migration that considers both the immediate benefits and the broader developmental impacts.

### Limitations

The paper acknowledges that the analysis may be limited by the availability of data, as a large number of agreements are not publicly accessible or are not included in the dataset because they were not addressed to specific workers. This limitation underscores the need for caution

when interpreting the results and highlights the importance of further research to obtain a more comprehensive understanding of BLAs and their implications.

The study also uses imputed data for analysis. Where, imputation techniques can still provide valuable insights when dealing with incomplete datasets by reducing the number of missing observations and providing a finding closer to reality, caution must be maintained. This paper uses both imputed and non-imputed data for the overall analysis ensuring robust findings, but only imputed data is used for the categorical analysis. Therefore, the results of such shall again be cautiously interpreted.

Further, some BLAs may reference domestic laws of the destination countries, which could provide additional protections for migrant workers beyond what is explicitly stated in the agreement itself. However, for the purposes of this paper, the focus is solely on the provisions within the BLAs, as they represent the commitments made between countries regarding labor migration.

It is crucial to also acknowledge that signing a BLA is only the initial step in the process, and the effectiveness of these agreements ultimately depends on their implementation. While the paper focuses on analysing the content of BLAs, future research could explore the implementation aspect to assess whether the provisions outlined in these agreements are effectively enforced and upheld by the participating countries.

Overall, while the paper provides valuable insights into the extent to which countries value laborers based on the provisions of BLAs, it's essential to recognize the broader context, including implementation challenges and the potential influence of domestic laws, as well as the limitations imposed by data availability. These considerations can inform future research efforts aimed at comprehensively assessing the impact and effectiveness of BLAs in protecting the rights of migrant workers.

## Conclusion

Based on the detailed review and analysis presented in this paper, it becomes evident that the treatment of migrant workers under Bilateral Labor Agreements (BLAs) is significantly influenced by their skill level. This conclusion is drawn from a comprehensive examination of various BLAs, which were categorized and analyzed according to multiple criteria, including governance, protection and empowerment of workers, and development benefits from migration.

The findings of this study highlight a clear disparity in the quality of BLAs based on the skill level of the workers they cover. BLAs signed for skilled workers consistently exhibit better provisions across all criteria compared to those signed for low-skilled workers. Skilled workers benefit from agreements that more effectively regulate their movement, and offer more opportunities for skill development. This preferential treatment underscores the higher perceived value of skilled workers to host countries, which is reflected in more comprehensive and favorable terms in their BLAs.

The host countries value skilled workers more than they value low-skilled workers, which leaves room for better advocated agreements for low-skilled workers. Source countries should be more pressing on the needs of the low-skilled workers and sign documents that provide better avenues for protection, and development.

In conclusion, this study affirms the central hypothesis that countries sign better BLAs for skilled workers than for low-skilled workers due to the higher perceived value of skilled workers. This differential treatment reflects a deeper appreciation for the economic and social contributions of skilled workers. While the paper provides valuable insights into the quality of BLAs, it also underscores the need for further research to comprehensively assess the impact and effectiveness of these agreements in protecting the rights of migrant workers.

## Annex

List 1: The 20 good practices and questions asked in the Chilton Dataset according to each criterion	
Category	Criteria and questions
Governance of Labor Migration	<p><b>1. Evidence of normative foundations and respect for migrant workers' rights (based on international instruments)</b></p> <p>Does this BLA mention international instruments -- these may be references to specific treaties or international instruments generally -- related to the respect of migrants' or workers' rights?</p>
	<p><b>2. Exchange of relevant information between country of origin and country of destination</b></p> <p>Does this BLA mention the exchange of information between the countries that are party to the agreement?</p>
	<p><b>3. Transparency: Clear objectives, sharing of information with concerned stakeholders and dissemination</b></p> <p>Does this BLA mention the need to disseminate information about the existence of the agreement?</p>
	<p><b>4. Defining clear responsibilities between parties.</b></p> <p>Does this BLA specify primary government agencies that are responsible for implementation of the agreement?</p>
	<p><b>5. Concrete implementation, monitoring, and evaluation procedures</b></p> <p>Does this BLA mention the creation of a joint committee, joint working group, or other body with officials from both countries to monitor or implement the agreement?</p>
	<p><b>6. Fair recruitment principles: Regulation of recruitment and reduction of recruitment and migration costs</b></p> <p>A. Does the BLA mention that the migrant should not pay recruitment costs?</p> <p>B. Who does the BLA specifically authorize to undertake recruitment and placement activities? (Subjective answer (row removed in our analysis))</p>
	<p><b>7. Social dialogue and consultative processes</b></p> <p>A. Does this BLA mention a role for labor unions from the country of origin (COO) in negotiating, monitoring, or implementing the agreement?</p> <p>B. Does this BLA mention a role for labor unions from the country of destination (COD) in negotiating, monitoring, or implementing the agreement?</p> <p>C. Does this BLA mention that migrants are allowed to join or form labor unions in the country of destination (COD)?</p> <p>D. Does this BLA mention that employer organizations should be allowed to participate in committees or meetings related to monitoring or implementing the agreement?</p> <p>E. Does this BLA mention that NGOs or civil society organizations – other than labor unions or employer organizations – should be allowed to participate in committees or meetings related to monitoring or implementing the agreement?</p>
Protection and Empowerment of Migrant Workers	<p><b>8. Provision of relevant information and assistance to migrant workers, potential migrants and their families</b></p> <p>Does this BLA mention that information about employment conditions, living conditions, or cultural conditions should be provided to the migrants by the employer, a government agency, or other body?</p>
	<p><b>9. Specific reference to equal treatment and non-discrimination of migrant workers</b></p> <p>Does this BLA mention that migrants should enjoy protections comparable to workers from the country of destination?</p>

	<p><b>10. Address gender concerns and the concerns of vulnerable migrant workers, particularly those not covered by labour laws in destination countries</b></p> <p>A. Does this BLA mention the protection of women based on gender?</p> <p>B. Does this BLA include a detailed reference to the protections of women based on gender or detailed protections for domestic workers?</p> <p>C. Does this BLA mention the protection of any categories of workers other than women (like protections based on race, religion, or sexual orientation)?</p> <p><b>11. Concrete and enforceable provisions relating to employment contracts, working conditions, and wage protection measures</b></p> <p>A. Does this BLA mention there must be an employment contract?</p> <p>B. Does this BLA mention a standard / model employment contract?</p> <p>C. Does the BLA mention any specific terms of employment that the contract should include (wage, length of the workday, pay for overtime, vacation, weekly days off, etc.)?</p> <p><b>12. Provision for supervision of working and living conditions</b></p> <p>Does this BLA mention any measures designed to protect against unlawful withholding of wages (e.g., provisions that the employer will set up a bank account for the employee, pay according to the contract, or not withhold from wages)?</p> <p><b>13. Prohibition of confiscation of travel and identity documents</b></p> <p>A. Does this BLA require the employer to provide the migrants with housing (e.g., accommodations, housing, living quarters)?</p> <p>B. Does this BLA mention any specific conditions that the housing must meet?</p> <p>C. Does this BLA mention any kind of government supervision or monitoring of that housing?</p> <p>D. Does this BLA mention any kind of government supervision or monitoring of worksites or working conditions?</p> <p><b>14. Social Protection and health-care benefits for migrant workers</b></p> <p>Does this BLA mention that the migrant has the right to keep their passport or other identity documents?</p> <p><b>15. Trade union rights and access to support mechanisms from civil society</b></p> <p>Does this BLA mention that the migrant will be provided with either health insurance, accident insurance, unemployment insurance, or social security?</p> <p><b>16. Incorporation of concrete mechanisms for complaints and dispute resolution procedures, and access to justice</b></p> <p>Does this BLA mention a mechanism for the resolution of disputes that arise between migrants and their employers?</p>
Migration and Development	<p><b>17. Human resource development and skills improvement</b></p> <p>Does this BLA mention any way that the migration will help promote the training of workers or their acquisition of new skills?</p> <p><b>18. Recognition of skills and qualifications and competencies in the destination country, and on return in the origin country</b></p> <p>Does this BLA mention the recognition in the country of destination of diplomas, credentials, or qualifications obtained in the country of origin?</p> <p><b>19. Facilitation of transfer of savings and remittances at low cost</b></p> <p>Does this BLA mention the facilitation of sending remittances (i.e., money) back to the workers' home country?</p> <p><b>20. Return, reintegration, and circulation</b></p> <p>A. Does this BLA mention the reintegration of migrants returning to their countries of origin?</p> <p>B. Does this BLA mention the possibility of renewing migrants' contracts after their initial work contract expires?</p> <p>C. Does this BLA mention any pathway to legal permanent residence status or citizenship?</p>

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