Towards an International Migration Regime

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Few if any issues in public policy are as muddled and contentious as international migration. There is no international regime that establishes standards and principles for national migration policies other than in the case of refugees (migrants escaping persecution). My aim here is to describe some economic and ethical principles that may underpin an international migration regime.

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Few if any issues in public policy are as muddled and contentious as international migration. While around 4 million people each year are migrating across national borders, with an estimated 232 million migrants in total as of 2013 (UN, 2013), the policies governing migration are in disarray. There is no international regime that establishes standards and principles for national migration policies, other than in the case of refugees (migrants escaping persecution). The new 2030 Agenda for Sustainable Development and new Sustainable Development Goals (UN, 2015), and the heated debates over the Syria refugee crisis, provide an impetus towards establishing global principles. My aim here is to describe some economic and ethical principles that may underpin an international migration regime.

A few economists have made important recent contributions to the debate (including Clemons and Bazzi, 2008; Razin, et al., 2012; Collier, 2013; and Borjas, 2014), but the profession remains far from any theoretical and empirical consensus. Political disagreements over migration are increasingly vitriolic. Public opinion in the US and Europe is deeply divided as to whether migrants "make our country stronger because of their work and talents" or "are a burden on our country because they take our jobs and social benefits" (Pew, 2015).

The disarray in migration policy is apparent in several ways. The United States harbors an estimated 11.3 million undocumented migrants, caught in a legal limbo without citizenship or enforceable rights.[1] The U.S. public is deeply divided about whether to provide a path to citizenship (42%), permanent residence (26%), or deportation (27%).[2] In the European Union, migration has given rise to anti-immigrant politics that threaten the EU's commitment to open borders within the European Union. The crisis of Syrian refugees has stoked a bitter battle between those in Europe who welcome the refugees and those who reject them.

At the same time, well over three thousand people died in 2015 attempting the migration to Europe via the Mediterranean, and countless more fall prey to human traffickers. Millions of illegal migrants live an underground life without political, human, or labor rights. In the case of South-South migration, cross-border movements of populations from one impoverished country to a neighboring one have often led to ethnic violence and even civil war.

This migration crisis is likely to intensity. The massive demographic divergence between Europe and sub-Saharan Africa, with Europe's aging and declining population next to Africa's young and rapidly growing population, will greatly expand the push and pull of migration. Global warming will threaten low-lying regions such as Bangladesh and island states with rising sea levels, drylands such as the Sahel and Horn of Africa with mega-droughts, and Southeast Asia and the Caribbean Basin with more intense tropical cyclones.

I. Fundamental Drivers of Migration

Migration involves the movement of people from regions of lower labor productivity to regions of higher labor productivity. As such, there are typically overall economic gains from migration. Yet the distributional effects may be complicated, with migration leading to shifts in the market returns to capital, skilled labor and unskilled labor in both the countries of origin and destination. Generally, the migrants gain in income, and businesses in the destination countries benefit by lower labor costs. Domestic workers may suffer a decline in earnings as a result of increased competition from the migrant workers, though the magnitude of this effect is hotly debated.

[1] See http://www.pewresearch.org/fact-tank/2015/11/19/5-facts-about-illegal-immigration-in-the-u-s/
[2] See http://www.people-press.org/files/2015/06/6-4-15-Immigration-release.pdf

As in standard trade theory, the gains in productivity from migration will generally be large enough to compensate the losses. In practice, the tax-and-transfer systems required to ensure such a Pareto improvement across all affected groups will be difficult to implement in practice. Migration is therefore likely to create both winners and losers. That is certainly the perception of a broad part of the public in the receiving countries.

In fact, a highly developed social welfare system in the receiving country may greatly complicate matters, as emphasized by Razin, et al. (2013). While high-skilled and therefore high-wage migrants may be net contributors to the fiscal system, low-skilled migrants are likely to be net recipients, thereby imposing an indirect tax on the taxpayers of the destination country. One policy alternative is to deny social benefits to migrants (as many countries do to some degree) but such exclusionary policies have severe downsides in fostering pockets of poverty, poor health, and social exclusion among the low-skilled migrants.

Migration differs from the movement of other factor inputs (such as capital flows) in one fundamental way. Migrants become part of the society of the receiving country, including its evolving culture and politics. Sooner or later, migrants may shift the balance of politics among ethnic groups, economic classes, or age groups, or may generate a massive political backlash. Migrants may also change the nature of social interactions, bringing benefits of cultural diversity but also the possibility of declining social trust (see Putnam, 2007; Schaeffer, 2013). Some countries have acted to cordon off migrants so that their only interaction with the rest of society is as laborers, but such policies threaten the basic human rights of the migrants and the civic values of the receiving country.

One key question is the source of international productivity differences that drive migration. When the lower productivity of the sending country is the result of historical, cultural, or political factors that have impeded economic development, domestic political, economic, and social reforms may provide a substitute for migration, at least in the longer-term. Today's poor countries can become tomorrow's economic success stories, staunching the flow of migrants.

Yet much migration is also driven by less remediable differences in productivity related to physical geography. Landlocked regions remote from ports and major markets; dryland regions unsuitable for food production; and regions prone to droughts, floods, seismic events, and other environmental hazards, are likely to be chronic out-migration regions, among others. In sub-Saharan Africa, many such geographically burdened regions also tend to have very high fertility rates, so that massive demographic pressures are compounding the low intrinsic productivity. The pressures on outmigration from Africa and other vulnerable regions are sure to grow in the coming decades.

Intrinsic geographical factors and endogenous social and economic dynamics are also likely to interact. Africa's high burden of malaria, for example, has tended to stall the demographic transition to low fertility, and thereby impeded the accumulation of human capital by reducing educational investments per child. Brain drain exacerbates disadvantages of physical geography, leading to a vicious circle of poverty and brain drain that may or may not be relieved by the remittance flows sent home by the migrants.

II. Towards a global migration regime

The current international regime on migration urgently needs reform. There are few global normative standards guiding national policies beyond the case of refugees and the principle of *non-refoulement* (no forced return of refugees facing persecution in their home country). Millions of migrants worldwide are trapped without legal rights, social benefits, or economic prospects, while anti-immigrant sentiments are rising sharply in many countries.

A global migration regime should start from global premises. The goal of a sound migration regime should be *global wellbeing* taking into account the valid interests of the countries of origin and destination and of the migrants themselves. Currently, national migration policies are driven almost entirely by the politics and concerns of the receiving countries. Ethical standards and sound economic principles on global migration should refer to the global benefits of migration. In the new 2030 Agenda for Sustainable Development (UN, 2015), the UN member states committed to "facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies"

(Target 10.7) within the context of reducing inequality within and among countries (SDG 10).

When high-income, high-productivity countries close their national borders to migration, they are denying the rights of individual migrants to seek improvement in their own conditions, and are also blocking a vital channel for improved global productivity. A global migration regime should favor migration both on account of the global efficiency gains and on account of the human right of individuals to seek their preferred residences (see Carens, 2014, for a cogent ethical analysis from a human-rights perspective).

The global regime should pay special attention to emigration from the world's most impoverished regions, with special attention to those suffering from intrinsic barriers to development due to geographical, ecological, climatological, or other intrinsic factors. Migrants from such regions face the greatest need to emigrate but also the greatest obstacles. They tend to be poor, less educated, and with few familial or business contacts in high-income countries to facilitate their migration. These are the boat people drowning in the Mediterranean.

Even remote and impoverished places have their own responsibilities in an international migration regime. These countries should take necessary steps aimed at their own economic development, including efforts at education, healthcare, job creation, and the voluntary reduction of high fertility rates. Of course such efforts by impoverished countries also require development assistance. Today's receiving countries that want to reduce the pressures of immigration should use development aid as a long-term instrument to relieve the poverty leading to mass outmigration from impoverished countries.

The global migration regime should balance three considerations: the individual human right to choose a place of long-term residence and work; the efficiency gains of global migration; and the rights of sovereign nations to enhance the wellbeing of their existing populations within an international regime. Migration should be encouraged but not at the expense of the wellbeing of the population of the destination country. And national policies should not impose externalities on other countries, e.g. by closing borders and diverting the flow of refugees. How can such interests be reconciled?

One key, I believe, lies in the *pace* of migration, to keep the doors open to migration of both skilled and unskilled workers as an international policy norm, without provoking political or social backlash, fiscal stress, or downward pressure on wages of low-skilled workers in the destination countries. Fully open migration may pass the test of global utilitarianism (raising global net wellbeing), but fail the test of acceptability by the destination countries. A more deliberate pace of migration can potentially balance global utility and national acceptability.

Canada's approach to migration exemplifies the phased approach. Canada has maintained a target immigration rate of 1 percent of the domestic population, though in practice immigration has tended to be around 0.7% of the population. At this pace, the public has remained favorably disposed to immigration, and has avoided an anti-immigrant backlash seen elsewhere. Of course, Canada's pace of immigration also reflects Canada's favorable geographical endowments: a vast and fertile land, low population densities, and huge reserves of natural resources to support a growing population together with high and rising living standards.

The idea of an optimum pace of immigration begs the question of whether *illegal* immigration can be controlled in practice, at least for places like the United States and Southern Europe that are near to the countries of origin. The evidence is that migration controls are very difficult to enforce. Borders are porous; firms in the receiving countries eagerly employ illegal migrants; sophisticated if vicious traffickers facilitate illegal crossings, albeit at an enormous social cost; and desperately poor or persecuted individuals risk their lives to escape their impoverishment. Border controls, like any kind of market barrier, gives rise to smuggling, black markets, organized crime, and denial of migrants' human rights.

In addition to the basic commitment to open, albeit phased immigration, an international migration regime might also include the following considerations:

(i) Policies to ameliorate brain drain, for example by committing to a reasonable balance of high-skill and low-skill immigrants, and avoiding the depletion of particular skills (e.g. medical doctors);

(ii) Coordinated development assistance to impoverished regions to encourage development and voluntary transition to lower fertility;

(iii) Burden sharing among the receiving countries in the event of a surge in migration due to external factors, such as refugees from the war in Syria.

(iv) Global norms regarding the access of migrants to social services, work permits, family unification and pathways to citizenship.

Unfortunately, the current economic research base on migration is still too limited to provide a theoretical or empirical base for an international migration regime. I suggest the following priority areas for migration research:

(i) The fundamental drivers of global migration, with a detailed empirical modeling of point-to-point flows;

(ii) Projections of future migration trends taking into account long-term drivers, including demography, economic development, human capital accumulation, and environmental change;

(iii) Income distributional and fiscal effects of migration, including different categories of immigrants;

(iv) The effects of migration on social capital, including: social trust, measures of subjective well being (SWB), social inequality, crime, and other social outcomes;

(v) The dynamics of acculturation (e.g. linguistic acquisition) of migrant populations;

(vi) Global burden sharing and strategic interactions across countries in migration policy;

(vii) Migration impacts on family structure, remittance flows, and human capital accumulation in the sending countries;

(viii) Migration impacts on cross-border business networks, tourism, and innovation;

(ix) The management of migration "surges" resulting from extreme events, wars, political upheavals, and other acute crises.

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