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International Migration and Economic Development
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Governance of Globalization

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Introduction

The movement of people across national boundaries is a matter of interest and an issue of concern at the beginning of the twenty-first century. The attention is not just a function of the present conjuncture. It is attributable to the fact that the pressures for international migration are considerable and appear to be mounting despite restrictive immigration laws. This is not surprising in a world where income disparities and population imbalances between countries are vast, while the spread of education combined with the revolution in transport has led to a significant increase in the mobility of labour. Yet, this remains a relatively unexplored theme in the extensive literature on the world economy. The object of this chapter is to focus on international migration so as to outline the contours, examine the underlying factors, explore the implications of globalization, and analyse the consequences for development.

The structure of the paper is as follows. Section II sketches a profile of international labour migration over the past fifty years and situates it in historical perspective to highlight the contrast between the old and the new. Section III examines the underlying factors with an emphasis on structural determinants at a macro level. Section IV considers how globalization is creating conditions that are conducive to the movement of people across borders. Section V highlights some important asymmetries apropos migration in the contemporary world economy. Section VI analyses the impact of international migration on economic development. Section VII sets out some conclusions.

A Historical Perspective

In the second half of the twentieth century, it is possible to discern two phases of international labour migration: from the late 1940s to the early 1970s and from the early 1970s to the late 1990s. During the first phase, from the late 1940s to the early 1970s, there were two distinct streams of international migration. First, people migrated from Europe to the United States, Canada, Australia and New Zealand. This movement was driven by a search for economic opportunities on the part of the migrants. It was also shaped by the nature of immigration laws in the countries of destination which, with the exception of the United States, restricted immigration largely to Europeans. In the period from 1951 to 1975, the total immigration was 7.8 million into the United States, 3.8 million into Canada and 2.8 million into Australia.[5] Second, people moved from the developing world in Asia, North Africa and the

Caribbean to Western Europe where economic growth combined with full employment created labour shortages and led to labour imports. To begin with, this demand was met from the labour surplus countries in Southern Europe and Italy was perhaps the most important source of such labour. But these sources were not sufficient for long. And, by the late 1950s, the labour scarce countries of Europe were searching elsewhere for labour, mostly unskilled or semiskilled workers for employment in the manufacturing sector or the services sector. Britain imported workers from the Indian subcontinent and the Caribbean islands. France imported workers from North Africa. Germany imported workers from Yugoslavia and Turkey. Available evidence suggests that total immigration into Western Europe, from 1951 to 1975, was about 10 million.[6]

During the second phase, from the early 1970s to the late 1990s, migration to Europe slowed down for a while. It was the end of the era of rapid economic growth combined with full employment. And immigration laws became restrictive almost everywhere in Western Europe. But this did not last long. Migration to Europe revived in the 1980s and gathered momentum in the 1990s. The destinations for the migrants, however, were different, as latecomers to the European Union began to import labour. The sources were also different, as a significant proportion of the migrants came to begin with from Eastern Europe and then from the former USSR. There were, in addition, two different streams of migration. First, there was a permanent emigration of people not only from Europe but also from the developing world to the United

States. These were mostly persons with professional qualifications or technical skills. This was made possible, in part, by a change in immigration laws in the United States, which meant that entry was related to skill-levels rather than country-of-origin, thereby providing more access to people from developing countries[7]. And, in the period from 1976 to 2000, total immigration into the United States was 16.3 million, more than twice what it was in the preceding quarter century, while total immigration into Canada at 4.2 million and into Australia at 2.4 million witnessed little change.[8] Second, there was a temporary migration of people from labour-surplus developing countries, mostly unskilled workers and semi-skilled or skilled workers in manual or clerical occupations. There were three sets of destinations for such labour flows. Some went to the industrialized countries. Some went to the high-income, labour-scarce, oil-exporting countries.[9] Some went to the middle-income newly industria1izing countries which attained near full employment.[10] The guest workers in Western Europe, the seasonal import of Mexican labour in the United States, the export of workers from South Asia, South East Asia and North Africa to the oil-exporting countries of the Middle East, and the more recent import of temporary workers by labour-scarce countries in East Asia, are all components of these temporary labour flows.

The second half of the twentieth century has also witnessed a movement of people, as refugees rather than migrants, across national boundaries. Refugees, as much as migrants, go back a long time. But such cross-border movements during the past fifty years are on a different, much larger, scale. This process began life in the late 1940s, at the end of the Second World War, as displaced people, who could not or did not wish to return to their homes, sought to resettle elsewhere. The onset of the Cold War was the next impetus for refugees as people, experiencing or claiming political persecution, fled from East to West seeking asylum. The de-colonisation struggles in Africa during the 1960s were another new source of refugee flows. Such labour flows remained within manageable proportions until the early 1970s. During the last quarter of the twentieth century, however, the phenomenon of migration in distress was on an altogether different scale. The geographical spread was far greater, the number of people affected much larger, and the reasons were many more. The reasons for migration in distress ranged from the internationalisation of liberation struggles, civil wars, ethnic strife, religious violence, political persecution and xenophobic nationalism to famines and natural disasters. The geographical spread ranged from Angola, Mozambique, Ethiopia, Sudan and Somalia through Afghanistan, Cambodia and Laos to Central America and former Yugoslavia. It is estimated that the number of people seeking asylum went up from about 30,000 per annum in the early 1970s to more than 800,000 per annum in the early 1990s. And, over this period, the world wide population of refugees, driven from their homes by natural disasters or the search for political asylum, rose from 4.3 million in 1970 to 19 million in 1990.[11]

It is clear that international migration during the second half of the twentieth century was significant despite stringent immigration laws and restrictive consular practices. The database on international migration is slender, particularly in the sphere of flows. The available evidence on the stock of international migrants and its distribution across regions in the world, during the period from 1960 to 2000, is presented in Table 1.

Table 1

International Migrants in the World

The Distribution of the Stock across Country-Groups: 1960-2000

Country-Group	Number of International Migrants (in millions)				
	1960	1970	1980	1990	2000
Asia	29.3	28.1	32.3	41.8	43.8
Africa	9.0	9.8	14.1	16.1	16.3
Latin America-Caribbean	6.0	5.8	6.1	7.0	5.9
Developing Countries	*44.3*	*43.7*	*52.5*	*64.9*	*66.0*
North America	12.5	13.0	18.1	27.6	40.8

Europe	14.0	18.7	22.2	26.3	32.8
Oceania	2.1	3.0	3.8	4.8	5.8
Industrialized Countries	*28.6*	*34.7*	*44.1*	*58.7*	*79.4*
Total	**72.9**	**78.4**	**96.6**	**123.6**	**145.4**
Former USSR	3.0	3.1	3.2	30.4	29.5
World	75.9	81.5	99.8	154.0	174.9

Source: United Nations, *Trends in Migrant Stock: The 2003 Revision*

Note: The figures for Asia exclude the Central Asian countries while those for Europe exclude the East European countries that were part of the USSR.

For a study of the trends, it is both necessary and appropriate to exclude the former USSR. Its inclusion distorts the picture, for comparisons over time, because its break-up into fifteen independent countries, in 1991, instantly transformed internal migrants into international migrants. The table shows that the number of international migrants in the world, excluding the former USSR, rose from 72.9 million in 1960 to 145.4 million in 2000. Over this period, the share of developing countries in the stock of migrant population decreased from 60 per cent to 45 per cent while that of industrialized countries increased from 40 per cent to 55 per cent. In the span of four decades, the proportion of international migrants in the total population fell from 2.1

per cent to 1.3 per cent in developing countries and rose from 4 per cent to 8.3 per cent in industrialized countries. For the world as a whole, this proportion declined from 2.58 per cent to 2.44 per cent. In 1960, 1 in every 39 persons in the world was an international migrant, while in 2000, 1 in every 41 persons in the world was an international migrant. A comparison with the early twentieth century is revealing. It is estimated that, in 1910, 33 million persons lived in countries other than their own and international migrants made up 2.1 per cent of the world's population, so that 1 in every 48 persons in the world at that time was an international migrant.[12]

The aggregate statistics do not reveal changes in the nature of international migration. There are different forms of labour flows across national boundaries.[13] Thus, new distinctions can be drawn between voluntary migration and distress migration, permanent emigration and temporary migration or legal migration and illegal migration. Thus, in the contemporary world economy, it is possible to distinguish between five categories of labour flows, of which two are old and three are new.

The old labour flows are made up of emigrants and refugees. Emigrants are people who move to a country and settle there permanently. The principal destinations now are the United States, Canada and Australia. Most such people are admitted for their professional qualifications or for reunification of families. Such emigration is estimated to be in the range of 1 million people per annum. *Refugees* are people who leave their homes because of famine, ethnic strife, civil war or political persecution, to seek a home or asylum so as to take up permanent residence in other countries. It is estimated that such distress migration, which is involuntary, leads to the movement of about 1 million people across borders every year.

The new forms of labour flows are guest workers, illegal migrants and professionals. *Guest workers* are people who move to a country, on a temporary basis, for a specified purpose and a limited duration; most of them are unskilled or semiskilled workers. The largest number, estimated at more than 5 million, is in the Middle East[14], and there are now some in Malaysia, Singapore, and Western Europe. This category includes seasonal workers employed in agriculture or tourism, particularly in the United States and Canada. *Illegal migrants* are people who enter a country without a visa, take up employment on a tourist visa or simply stay on after their visa has expired. The largest number of such persons are in the United States (about 7 million), Western Europe (at least 3 million) and Japan (perhaps 1 million).[15] However, there is also a significant number in Latin America and East Asia. *Professionals* are people with high levels of education, experience and qualifications, whose skills are in demand everywhere and can move from country to country, temporarily or permanently, as immigration laws are not restrictive for them. Most of them are employed by transnational corporations, but some of them circulate in their professional capacities or through systems of education and research.

It needs to be said that these categories are not mutually exclusive or exhaustive. Nor do they define a once-and-for-all status. After a time, it is difficult to distinguish between emigrants and refugees in their countries of settlement. Guest workers who acquire a right-of-residence are, in effect, not very different from emigrants. Illegal migrants who benefit from amnesties, which come from time to time, attain legal status. The distinction between professionals and emigrants is in any case somewhat diffused, for the former are often a subset of the latter in the industrialized countries. Yet, these categories serve an analytical purpose in so far as the distinctions are clear at the time that the cross-border movements of people take place.

The Underlying Factors

The available literature on the economics of international labour migration is rich in terms of micro-theoretic analysis but somewhat sparse in terms of macro-economic analysis. Some of the earlier literature was concerned with the effect of migration on economic welfare so that the focus was on costs and benefits for migrant workers or their families.[16] Subsequent contributions extended the analysis to factors underlying the decision to migrate.[17] Theoretical constructs sought to emphasise the sensitivity of migrant flows, both internal and international, to economic rewards. And, the more recent theoretical developments stress the importance of households as a decision making unit in which it is argued that migration is a risk reducing strategy for the household.[18] It is clear that migrant workers and migrant households have been the prime concern of theoretical analysis both in its normative aspects and in its positive aspects. This approach seeks to explain migration in terms of individual decisions. It is necessary but not sufficient[19] -- movements of people are also shaped and influenced by structural determinants at a macro level. Therefore, the individual approach and structural explanations should be seen as complements rather than substitutes in attempting to understand the factors underlying migration. However, if we wish to analyse labour flows across national boundaries, to understand patterns and determinants, it is essential to consider structural explanations of migration at a macro level.

The process of industrialization and development is associated with a structural transformation of economies. In a long term perspective, the most important dimension of such transformations is a structural change in the composition of output and employment over time.[20] To begin with, the share of the agricultural sector in both output and employment is overwhelmingly large. As industrialization proceeds, the share of the manufacturing sector, and later the services sector, in output and employment rises, while that of the agricultural sectors falls. The absorption of surplus labour is reflected in the migration of unemployed or under-employed workers from rural hinterlands to urban settlements. Given the enormous differences in employment probabilities and wage levels, wherever possible, migration of workers across national boundaries also absorbs a part of the labour surplus. Over time, the process of economic development is associated with a migration transition. Rural-urban migration comes to an end when the surplus of labour in the subsistence sector is exhausted. Emigration flows are also significantly reduced in part because surplus labour is not readily available, and in part because economic development provides more employment, higher wages and better living conditions at home, even if differences in the level of income or the quality of life persist vis-a-vis the world outside. In some economies, rapid industrialization and sustained growth, which creates full employment, may open up the possibilities of a turn-around in migration flows as labour imports begin.[21] Late industrializers in Southern Europe and East Asia have indeed experienced such a transition during the second half of the twentieth century.

During the early stages of industrialization, labour exports from surplus labour economies are a common occurrence. There are both push-factors and pull-factors underlying emigration pressures. On the supply side, demographic factors combined with unemployment and poverty obviously create pressures for internal migration, mostly rural-urban but also rural-rural, in surplus labour economies. The same push-factors probably lead to a spill-over of migration across national boundaries. The pull-factor is also significant. It is attributable not only to the actual differences in wage levels and employment probabilities at a point in time, between labour-exporting countries and labour-importing countries, but also to the perceived differences in the stream of income and the quality of life over a period of time. In this context, it is worth noting that the emigration of educated people with professional qualifications, technical expertise or managerial talents from poor countries to rich countries, described as the brain-drain, is attributable almost entirely to this pull-factor. It is not attributable to the push-factor as these people are not only employed but also at the upper end of the income spectrum before emigration.

Given the massive differences in income levels and living conditions between countries, actual or perceived, international labour movements would be much larger in an unconstrained world. In fact, they are not. In labour-exporting countries, the desire to migrate, arising from both push and pull factors, is constrained by the ability to migrate which depends on the endowments of skills, education or savings among the potential migrants. There are, also, transaction costs of migration across borders which are significant. The ability to migrate is constrained further by the patterns of demand for labour in labour-importing countries. And the story cannot be complete without considering the demand side. Emigration pressures surface, or emerge stronger, once destinations for migrants are opened up by a demand in labour-scarce countries.

Labour shortages in economies are the fundamental reason for labour imports on the demand side. For analytical purposes, it would be instructive to consider the conditions under which industrialized countries seek to import labour from developing countries, or elsewhere, in the form of permanent emigration. As an economy reaches full employment, labour shortages surface at the lower end of spectrum of skills, whether in the agricultural sector, the manufacturing sector or the services sector. Those who employ wage labour either face or anticipate a substantial increase in real wages, as a consequence of the actual excess demand or the emerging scarcities. The response of producers or employers takes three forms. These responses are not, in general, simultaneous but often proceed in sequence. First, producers attempt to substitute capital for labour through technological choice, by acquiring technologies that economise on labour use or augment labour productivity. Second, firms endeavour to use trade flows as a substitute for labour, either by importing goods that embody scarce labour or by exporting capital which employs scarce labour abroad to provide such goods through an international relocation of production. Third, producers or firms seek to import labour, but this is a last resort in so far as immigration laws in most countries tend to be restrictive for social and political reasons.

It must be recognised that the possibilities of replacing labour by capital, within an economy, through technological choice are not unlimited. The possibilities of substituting trade flows for labour movements, across national boundaries, are much larger. Yet, there are reasons why it may not be possible to do without imports of labour altogether. In the manufacturing sector, trade flows and capital exports can be a substitute for labour imports for quite some time. However, the same is not true for the agricultural sector or the services sector. It is not true for the agricultural sector simply because, unlike capital, land cannot be exported, and once an economy reaches full employment it is exceedingly difficult, if not impossible, to reverse the initial flow of labour from the urban sector to the rural sector. It is not true for the services sector simply because services are not quite as tradable as goods and even international trade in services often requires physical proximity between the producer and the consumer, for the service to be delivered, because these are services which cannot be stored and transported across national boundaries in the same way as goods.[22] It is not surprising, then, that labour imports often begin with unskilled or semi-skilled labour for employment in the agricultural sector or the services sector. In general, whenever such labour shortages surface, countries begin to import unskilled or semi-skilled workers for manual or clerical occupations. Until the early 1970s, such labour imports in the industrialized countries were possible within limits and consistent with immigration laws. Since then, however, such labour imports are in the form of either guest workers for a specified purpose and a limited duration or illegal migrants who enter in collusion with employers.

It should be obvious that the factors underlying international labour migration are manifold and complex. Nevertheless, it is possible and necessary to highlight some structural explanations of migration at a macro level. The most important among them, of course, is disparities in income levels and employment opportunities between countries. The population imbalances between labour-scarce and labour-abundant countries also play an important role.[23]

In this context, it is worth noting that a century earlier, differences in natural endowments between countries, particularly land, played a similar role as people moved from land-scarce to land-abundant countries. The process of economic development, too, exercises an important influence. Interestingly enough, it can both dampen and stimulate international migration. As economic development provides more employment, higher wages and better living conditions at home, it reduces the significance of the push factor even if differences in the level of income and the quality of life persist *vis-a-vis* the world outside. This is because people do not wish to leave their homes. Yet, even if economic development reduces the need to migrate, improved levels of education and higher levels of aspiration increase both the desire and the ability to migrate.

Such structural factors at a macro-level explain the fact of migration, but do not help us understand the link between the origin and the destination of international labour movements. For this purpose, we need to go beyond economics to history, geography or even sociology. There are links between labour-exporting and labour-importing countries in each of these spheres. Post-colonial ties, a common language or cultural similarities are often embedded in history and have shaped the direction of labour flows. The emigration from developing countries in Asia, Africa or the Caribbean to Western Europe provides an example. The movement of people from the Indian subcontinent and the Caribbean islands to the United Kingdom, from Algeria to France, or from Indonesia to the Netherlands was shaped by such history embedded in post-colonial ties. Geographical proximity is another important determinant. The movement of people from Mexico to the United States, from Eastern Europe to Western Europe, or from Indonesia to Malaysia and Singapore provides examples. There is also a sociological dimension. Migrants follow trails charted by pioneers. And the notion of diaspora now extends much beyond Jews in exile. For the existence of an immigrant community, with which the migrant shares a language, nationality or culture, in the country of destination, becomes a source of cumulative causation that continues to shape the direction of labour flows. The movement of people from Turkey to Germany, from India to the United States or from China to Canada provides examples. Interestingly enough, the same sociological nexus explains why such migrants come from a particular region (rather than from anywhere else or for that matter everywhere) in the country-of-origin and move to a particular region, sometimes even specific cities in specific activities (instead of a more uniform distribution across geographical space) in the country-of-destination.[24]

It should be obvious why it is difficult to understand international migration in terms of economic analysis alone. There are two, other, important reasons. For one, non-economic factors are significant determinants of cross-border labour flows even where the underlying reasons are economic. For another, there are cross-border labour flows where the underlying factors are not economic. Consider each in turn.

International labour movements are, of course, influenced by forces of supply and demand but are also constrained by non-economic factors such as explicit immigration laws or implicit consular practices. Thus, in labour-importing countries, it is not only the pattern of demand for labour but also the barriers to entry that determine the magnitude and the composition of labour inflows. Such barriers to entry which constrain market driven labour flows mean that actual outcomes are not shaped by economic factors alone.

There are, also, movements of people across national boundaries on a significant scale, almost as large as migration, which represent neither voluntary decisions nor economic decisions. To begin with, this was essentially a search for political asylum on the part of people who were driven from their homes by political persecution or just political repression. But things have changed with the passage of time. Migration in distress is now attributable to a much wider range of underlying factors. It is attributable, in large part, to man-made conflict situations such as civil war, ethnic strife, religious violence or xenophobic nationalism often associated with the violation of human rights. It is also attributable to natural disasters such as recurring famines or environmental degradation. The relative importance of these factors, obviously, varies across space and over time.

Globalization and Migration

The world economy has experienced a progressive international economic integration since 1950. However, there has been a marked acceleration in this process of globalization during the last quarter of the twentieth century. This phenomenon has three manifestations -- international trade, international investment and international finance -- which also constitute its cutting edge. An increasing proportion of world output is entering into world trade. There is a surge in international investment flows. The growth in international finance has been explosive. The economic factors underlying the process, which have enabled it to gather momentum, are the dismantling of barriers to international economic transactions and the development of enabling technologies. Globalization has followed the sequence of liberalization and deregulation in the world economy from trade flows, through investment flows to financial flows. The technological revolution in transport and communications has pushed aside geographical barriers, as the time needed and the cost incurred are a tiny fraction of what they were earlier. But this is not new. There was a similar phase of globalisation from 1870 to 1914. In many ways, the world economy in the late twentieth century resembles the world economy in the late nineteenth century.[25] The parallels between the two periods are striking in terms of the characteristics and underlying factors. And there is much that we can learn from history, for there is the past in our present. Yet, there is a fundamental difference between these two phases of globalization. It is in the sphere of labour flows. In the late nineteenth century, there were no restrictions on the movement of people across national boundaries -- passports were seldom needed, migrants were granted citizenship with ease, and international labour migration was enormous. In sharp contrast, now, the cross-border movement of people is closely regulated and highly restricted. Yet, over the past fifty years, international labour movements have been significant in absolute terms, even if much less than in the nineteenth century and much smaller as a proportion of total populations.

There are both push-factors and pull-factors underlying international migration. But it is possible that globalization, in itself, may create conditions and unleash forces that could become an impetus for the movement of labour across national boundaries. The evidence is limited yet suggestive. And it leads me to set out two possible mechanisms which are plausible hypotheses. The first hypothesis is that there are some attributes of globalization which are conducive to, and helpful for, people who seek to cross borders in search of work. The second hypothesis is that globalization has set in motion forces which are creating a demand for labour mobility across borders, some old forms and some new forms, as also developing institutions on the supply side to meet this demand. Consider each in turn.

There are three migrant-friendly attributes of globalization which are supportive of cross-border labour flows.

First, the revolution in *transport and communications* has slashed geographical barriers, in terms of time and cost, not only for the movement of goods, services, technology and finance, but also for the movement of people across national boundaries. In the early 1990s, air transport costs per passenger mile were less than one-fifth what they were in the late 1930s. Similarly, international phone charges are less than 5 percent of what they were 50 years ago.[26] Thus, potential or actual migrants are no longer deterred by the cost of travel or the cost of speaking to their families, for it is now only a modest fraction of their incomes. And in most countries, airlines and telephone companies aggressively compete with each other in terms of prices to capture the large market for their services provided by migrants. The advent of the Internet with its array of web sites, combined with the remarkable speed and the negligible cost of e-mail, makes it that much easier for people to live away from their homes temporarily or even permanently.

Second, *market institutions* have developed which make it much easier for people to move across borders. For one, there are intermediaries in the labour-exporting countries, mostly brokers and agents who recruit and place people abroad for a price. For another, given the substantial demand for illegal migrants, as also the enormous profits associated with it, there are brokers in both labour-importing and labour-exporting countries who are engaged in illegal trafficking of people. In this milieu, the cross-border movement of people is no longer dependent upon the ability of individuals alone as it was until not so long ago. The process of migration is now facilitated by institutional arrangements that have emerged in response to needs perceived by the market. These market institutions are reinforced by *migrant networks* in the labour importing countries. Such networks, which have evolved with the passage of time and become stronger with globalization, provide their compatriots with information on immigration procedures and employment possibilities. This help often extends to legal advice on visa procedures and immigration laws. But that is not all. The networks also find temporary homes and extend financial support to the new arrivals. The word diaspora has acquired a generic meaning.

Third, the reach of the *electronic media* is enormous, as is the power of television as a medium. For one, it has led to the global spread of cultural impulses. The culture and consumerism of the young in metropolitan cities everywhere -- North or South, East or West -- is globalised. Even corruption and crime have become similar everywhere, so that distant lands with an alien culture and a different language are neither strange nor unexpected for the potential migrant. For another, the same media creates a home away from home for the actual migrant. Immigrant communities have their own TV channels, their own newspapers and their own entertainment.

The process of globalization is creating a demand for new forms and institutionalising the demand for old forms of labour mobility. In this process, there is an inherent coordination between the demand side and the supply side. There are three important manifestations that are worth noting.

First, the reach and the spread of *transnational corporations* are worldwide. In the past, such corporations moved goods, services, technology, capital and finance across national boundaries. Increasingly, however, they have also become transnational employers of people.[27] They place expatriate managers in industrialized and developing host countries, and recruit professionals not only from industrialized countries but also from developing countries for placement in corporate headquarters or affiliates elsewhere. They engage local staff in developing countries who acquire skills and experience that make them employable abroad after a time. They move immigrant professionals of foreign origin, permanently settled in the industrialized world, to run subsidiaries or affiliates in their countries of origin. They engage professionals from low income countries, particularly in software but also in engineering or health care, to work on a contract basis on special non-immigrant status visas, which has come to be known as 'body-shopping'. This intra-firm mobility across borders easily spills over into other forms of international labour mobility.

Second, the *mobility of professionals* has registered a phenomenal increase in the age of globalization, It began with the brain drain. It was facilitated by immigration laws in the United States, Canada and Australia which encouraged people with high skills or professional qualifications. This process has intensified and diversified. It is, of course, still possible for scientists, doctors, engineers and academics to emigrate. But there are more and more professionals such as lawyers, architects, accountants, managers, bankers or those specialising in computer software and information technology, who can emigrate permanently, live abroad temporarily, or stay at home and travel frequently for business. These people are almost as mobile as capital across borders.

Third, the *globalization of education* has gathered momentum. This has two dimensions. The proportion of foreign students studying for professional degrees or doctorates in the university system of the major industrialized countries, in particular the United States, is large and more than two-thirds simply stay on.[28] The situation is similar in Europe albeit on a smaller scale. At the same time, centres of excellence in higher education in labour-exporting developing countries are increasingly adopting curricula that conform to international patterns and standards. Given the facility of language, such people are employable almost anywhere.

It is thus plausible to argue that globalization, in itself, has set in motion forces which are creating a demand for labour mobility across borders and is, at the same time, developing institutions on the supply side to meet this demand. The basic reason is simple. The factors which make it easier to move goods, services, capital, technology and information across borders, but for explicit immigration laws and implicit consular practices that are barriers to entry, also make it easier to move people across borders. Earlier, I made a distinction between five categories of labour flows across national boundaries. It would seem that the process of globalization is going to increase labour mobility in three categories. The professionals, at the top of the ladder of skills, will be almost as mobile as capital. Indeed, we can think of them as globalized people who are employable almost anywhere in the world. Similarly, where it is not feasible to import goods or export capital as a substitute for labour imports, or is less profitable, the use of guest workers who move across borders on a temporary basis, for a specified purpose and a limited duration, is bound to increase[29]. And, despite the political reality of immigration laws, the market driven conditions and institutions being created by globalization, will sustain, perhaps even increase, illegal immigration and the associated cross-border labour flows.

In sum, it would be reasonable to infer that there is a potential conflict between the laws of nations that restrict the movement of people across borders and the economics of globalization that induces the movement of people across borders. And, within limits, markets are adept at circumventing regulations.

In the first quarter of the twenty-first century, this process may be reinforced by demographic change and population imbalances.[30] It is expected that, between 2000 and 2025, the population of industrialized countries will remain almost unchanged at about 1.25 billion while the population of developing countries will increase from 4 billion to 7.5 billion. But that is not all. The zero population growth in the industrialized world, combined with increased life expectancy, is expected to lead to a rapid ageing of the population in these countries. Consequently, dependency ratios (the proportion of the population aged 65 years or more) are projected to rise sharply from about one-fifth to more than one-third. This means that a shrinking working population, made up of producers and earners, would have to support an expanding elderly population, made up of consumers and pensioners. Notwithstanding technical progress, labour shortages are inevitable. This, in itself, will create a demand for migrants. The ageing of industrial societies, however, will also generate a demand for labour imports to provide services, such as health-care and home-care, so as to maintain the quality of life among the aged or the elderly in the population. Such service providers, whether permanent emigrants, guest workers or illegal migrants, would have come from the developing world. Therefore, even if globalization creates more employment and better living conditions in surplus labour countries, the demographic factor may accentuate both emigration pressures and immigration needs to shape labour flows in the future. If such movements of labour become an economic necessity, it could even lead to selective relaxation of immigration laws and consular practices. History, probably, will not repeat itself. But it would be wise to learn from history.

Some Important Assymetries

In this context, a fundamental question arises from the asymmetry between the free movement of capital and the unfree movement of labour across national boundaries. In the contemporary world economy, economic openness is not simply confined to trade flows, investment flows and financial flows. It also extends to flows of services, technology, information and ideas across borders. But the cross-border movement of people is closely regulated and highly restricted. A perfect symmetry between labour and capital may not be a plausible idea in the context of political reality. In the abstract world of orthodox economic theory, however, the symmetry between labour and capital, as factors of production, is only logical. After all, international labour movements create efficiency gains in a neo-classical sense, as much as international capital movements, when workers move to where they are more productive. Indeed, it is clear that the efficiency gains from labour mobility are much greater than the efficiency gains from capital mobility, given the differences in marginal productivity across countries. In this mode, the case for unrestricted labour mobility is as compelling as the case for unrestricted capital mobility or the case for free trade. It would contribute as much to optimising resource allocation and maximising economic welfare for the world as a whole. Yet, this is not part of conventional wisdom. Economic theory, it would seem, is also shaped by political reality.

Nevertheless, it is plausible to suggest that if there is almost complete freedom of capital mobility across national boundaries, the draconian restrictions on labour mobility across national boundaries should at least be reduced if not eliminated. In fact, there would be enormous benefits even from a marginal relaxation of such restrictions on the mobility of labour. In this context, it is important to recognize that the significance of the temporary movement of people across borders is even greater. Similarly, it is reasonable to argue that any provisions for commercial presence of corporate entities (capital) should correspond to provisions for temporary migration of workers (labour), just as the right-of-establishment for corporate entities (capital) has an analogue in the right-of-residence for persons (labour).[31] Indeed, if such a perspective is carried to its logical conclusion, the movement of labour across borders must be just as free as the movement of capital. It is not surprising that the two views on this matter are polar opposites.[32] On the one hand, there is a rights-based argument that the freedom of movement within countries is a basic human right and there is no reason why it should not extend across countries. What is more, insofar as the citizenship of industrialized countries is the modem equivalent of feudal privilege, such freedom of movement would reduce international economic inequalities.[33] On the other hand, there is a community based argument that nations have a right to self-determination in terms of social cohesion and cultural solidarity. What is more, unrestricted immigration is bound to have serious economic and social implications for citizens. It is worth noting that the United Nations charter incorporates both perspectives. For one, it accepts the human right of freedom of movement as a universal principle. For another, it recognises that sovereign states have a right of self-determination. There is clearly an inherent tension between these perspectives which can readily turn into a contradiction.

Irrespective of how any person chooses between these two extreme positions, the political reality is clear: a significant relaxation of immigration laws is simply not in the realm of feasibility. An international acceptance of universal moral obligations is perhaps out of the question, at least for the present. There is, of course, a strong concern about mounting pressures for international migration which surface almost everywhere. National interests and liberal concerns appear to coincide in the response that has gathered momentum as an idea in recent times. The prescription is to somehow reduce emigration pressures.[34] In the economic sphere, it is believed that economic development which improves the material living conditions of people in poor countries would dampen the pressures for voluntary migration that is motivated by economic factors. Development assistance from the rich to the poor countries is meant to facilitate this process. In the political sphere, it is believed that the spread of political democracy which protects the human rights of people in poor countries with authoritarian regimes would dampen the surge of distress migration that is driven by political repression or social exclusion. Humanitarian assistance from rich to poor countries, which seeks to assist in rehabilitation and reconstruction, is meant to facilitate this process. These are statements of good intentions which are sometimes long on words and short on substance, and there is often a mismatch between what is said and what is done. Even without such problems, it must be recognized that the reach of economic development and the spread of political democracy require much more than development assistance or humanitarian assistance. Thus such endeavours, which are most desirable, may or may not reduce pressures for labour exports, for even if the need to migrate decreases, the ability to migrate increases.

But this is not all. There are other important asymmetries related to the rights of migrants in the contemporary world economy that need to be recognized and corrected. In this context, it is necessary to make a distinction between legal migrants and illegal migrants.

There are some genuine causes for concern even about the working and living conditions of legal migrants.[35] In the industrialized countries, the problems of immigrant workers are accentuated by: (a) high-levels of unemployment among unskilled workers; (b) flexibility in labour markets with much weaker trade unions; and (c) reforms in social security systems associated with the retreat of the welfare state. Even without xenophobic attitudes, which are beginning to surface in many countries, each of these developments has a more pronounced effect on migrants than on nationals. In the high income or middle income developing countries, which import labour, the problems of immigrant workers are much more acute and are exacerbated by: (a) the distinctly inferior status of contract workers who have no legal claim to permanent settlement, let alone citizenship; (b) rudimentary or minimal systems of social protection; and (c) the near absence of trade union movements or mandated labour standards. It is not surprising that the living conditions of immigrant workers in developing countries are discernibly worse, while their rights are much weaker, than in the industrialized countries. What needs to be done is clear. First, there must be social protection for migrants which is at par with that for nationals. Second, there must be a discipline on employers who exploit migrant workers in terms of wages paid or hours worked. Third, everything must be done to combat the physical and sexual abuse of migrants, particularly women migrant workers. In other words, there must be some equivalent of the concept of ‘national treatment’ for migrant workers who have been admitted to their countries of destination in accordance with the laws of the land. The importance of such ‘national treatment’ cannot be stressed enough.

In this context, it is essential to draw attention to a striking asymmetry. There is so much emphasis on labour standards, which are sought to be lodged in the WTO. There is so little concern about rights of migrant workers, which are written into obscure ILO conventions that have been ratified mostly by labour-exporting countries rather than by labour-importing countries. Yet, it should be clear that labour standards and migrants' rights are two sides of the same coin. The former is the focus of attention because labour standards are to be imposed mostly on poor countries, while the latter is the object of neglect because migrants’ rights are to be implemented in large part by rich countries. There is an obvious need to redress the balance.

The rights of migrant workers can only be protected through an understanding between, and a commitment on the part of, sovereign nation states. This, in turn, requires a universal acceptance and ratification of ILO conventions on migrant workers.[36] The issue of labour standards, of course, is simply not in the domain of the WTO and should remain in the ILO where the rights of workers are a fundamental concern.

The labour flows associated with illegal migration, attributable to market forces despite immigration laws, are also a reality.[37] And it is possible that such labour flows may increase in the future. Yet, the plight of illegal migrants, everywhere, is a cause for serious concern. The working conditions are exploitative, the living conditions are abysmal, the risk of capture and repatriation is ever present, and the stranglehold of international criminal syndicates is common enough. This is not simply a matter of enforcing the law. In many countries that experience labour shortages in selected occupations, sectors or activities, intermediaries who act in collusion with employers are responsible for the illegal immigration while governments turn a blind eye to this reality. This neglect is not without purpose. For one, it means that labour shortages can be met without relaxing immigration laws and providing such workers with a legal right of residence. For another, governments have no obligation to provide social security for such illegal immigrant workers. There is a clear need for transparency rather than ambivalence in the attitude of governments towards illegal immigrants. Such tacit approval of illegal migration to meet labour shortages must be replaced by an explicit recognition of the need for labour imports which should be met through legal channels even if such imports are seasonal or temporary. At the same time, there is clear need for concerted action to curb the trafficking in people that is organised by international criminal and smuggling syndicates. In the hope of reaching new havens, migrants often provide such syndicates with large sums of money. They are passed down a chain of agents, smugglers, ships, safe houses and corrupt officials. There are risks at most points in transit. Sometimes, however, the aspiring migrants are simply abandoned in transit to fend for themselves in countries where they do not speak the language, without money or passports, to end up in prison and await repatriation. Such trafficking in people is a gross violation of human rights. It is a telling example of international 'public bads' which need to be regulated through concerted joint action by labour-exporting and labour-importing countries both at a regional level and at the global level.

Migration and Development

Migration has significant implications and consequences for development in home countries at a macro level: migration has an impact on output and employment, influences growth and development, and shapes distributional outcomes. Consider each in turn.

The impact of migration on output and employment at a macroeconomic level depends on the magnitude of the outflow of people, their employment status before migration and the skills composition of the migrants. If the magnitude of international migration is small as a proportion of the increments in the workforce, or as a proportion of the existing surplus labour, its impact on output would be negligible, whether at the micro level or at the macro level. But this impact would be significant, leading to output foregone, if migration absorbs a large proportion of increments in the workforce or if surplus labour is limited. If the emigrants are unemployed or under-employed before their departure, it would lead to a direct reduction in the level of open or disguised unemployment. The migration of employed workers, on the other hand, may also lead to an indirect reduction in unemployment if they can be readily replaced from a pool of surplus labour. The extent of the reduction in unemployment or under-employment would, of course, depend on the size of the outflow. The impact on output may not be negligible and the impact on employment may not be favourable, if labour markets are segmented either due to geographical factors and regional specificities or due to labour force attributes such as profession, skill and unionization. The skill composition of migrants is important in this context. The migration of unskilled workers should have little or no impact on output and should reduce unemployment. However, the migration of skilled workers or high-skill professionals is likely to have a negative impact on both output and employment, particularly if the migrants cannot be replaced without training, which absorbs not only resources but also time.

The focus of the literature on the brain drain is somewhat different, for it is concerned with the costs for the country-of-emigration and the benefits for the country-of-immigration at a macroeconomic level.[38] The costs and benefits to the respective societies are considered at two levels. First, the loss of skilled personnel embedded in the brain drain represents income foregone for the home country and income created for the host country, so that the emphasis is on income rather than output or employment.[39] Second, the cost of education or training is incurred by the country-of-origin while the benefits accrue to the country-of-destination, so that there is an unrequited transfer of human capital from the former to the latter.[40]

This analysis of the impact of migration on output and employment assumes that the emigration is permanent. But if such migration is temporary, or if migrants choose to return home after a time, it becomes necessary to analyse not only the initial impact of the withdrawal but also the subsequent impact of the re-entry on output and employment. Once again, if the return migration is small as a proportion of the increments in the workforce, or of the surplus labour, the impact of re-entry on output and employment is likely to be marginal if not negligible in a macro sense. The acquisition of skills by migrants while abroad and the utilization of such skills on return may, of course, positively influence productivity and output.

From the perspective of home countries, international migration has both positive and negative consequences for economic growth and development. In such analysis, it is important to make a distinction between the short-run and the long-term.

The most obvious positive consequence of international migration for economic growth, in the short-run or the medium-term, is the remittances from migrants. The importance of this phenomenon is widely recognized.[41] Some available evidence on remittances from migrants and the distribution of these inflows across regions in the world, during the period from 1980 to 2000, is presented in Table 2. It shows that remittances to developing countries increased rapidly from $24.3 billion in 1980 to $66 billion in 2000, as did remittances to industrialized countries from $16.8 billion in 1980 to $44.7 billion in 2000. Over this period, about 60 per cent of remittances went to developing countries while about 40 per cent of remittances went to industrialized countries. For developing countries, taken together, remittances have become the second largest source of external finance, less than direct foreign investment but more than official development assistance. What is more, remittances are a more stable source of external finance and are more evenly distributed among countries.[42] On an average, remittances are the equivalent of a little more than 1 per cent of GDP for developing countries. Of course, their significance differs across countries. For some developing countries, remittances are an important source of foreign exchange earnings, compared with exports, and an important source of financing debt servicing or current account deficits.

Table 2

Remittances from Migrants

The Distribution of the Flows across Regions: 1980-2000

Region/Country Group	in US $ billion			in percentages		
	1980	1990	2000	1980	1990	2000
East and South Asia	6.6	9.5	23.2	16.0	12.6	21.5
West Asia	5.8	6.6	8.4	14.1	8.7	7.5
North Africa	4.5	7.2	5.8	10.9	9.5	5.2
Sub-Saharan Africa	1.4	1.6	1.9	3.4	2.2	1.7
Latin America-Caribbean	1.9	5.7	19.5	4.7	7.6	17.6
Transition Economies	4.1	9.5	7.2	10.0	12.5	6.5
Developing Countries	24.3	40.1	66.0	59.0	53.1	59.6
Industrialized Countries Total	16.8	35.5	44.7	41.0	46.9	40.4
World Total	**41.1**	**75.6**	**110.8**	**100.0**	**100.0**	**100.0**

Source: United Nations, Department of Economic and Social Affairs, New York, based on IMF *Balance of Payments Statistics*

Note: The IMF separates remittances into three categories: (a) workers' remittances recorded under 'current transfers' in the current account on the balance of payments; (b) compensation of employees which includes wages, salaries, and other benefits of border, seasonal and other non-resident workers recorded under 'income' in the current account; and (c) migrants' transfers which are reported under 'capital transfers' in the capital account. The figures in this table are the sum of all three categories.

The macroeconomic impact of remittances, which is not the focus of attention, is perhaps even more important. In a situation where the departure of migrants does not reduce domestic output, remittances should increase national income. Alternatively, so long as the value of remittances exceeds income foregone as a consequence of migration, which is a plausible assumption, the migration of workers should lead to some increase in national income. In order to analyse the impact of such an increase in national income on macroeconomic aggregates, it is useful to begin with the simple national income accounting identity: Y=C+I+X-M. An increase in income (Y) would lead to a consequent increase in consumption expenditure (C), investment (I), and imports (M). In absolute terms, all these components would register an increase. In proportional terms, the mix would depend on how the propensities to consume, invest or import out of income received from abroad differs from the propensities to consume, investment or import out of domestic income. The macroeconomic consequences of changes in income and expenditure can be traced through the impact on the major components of the identity.

An increase in aggregate consumption expenditure can have the following consequences. In a demand-constrained situation, it may lead to an increase in output. In a supply-constrained situation, it may stimulate a price rise or it may spill over into imports; the distribution of consumption expenditure between non-traded goods and traded goods would determine the relevant importance of inflation and imports as a consequence.

The difference between the increase in income and the increase in consumption attributable to remittances would be saved. The rate of saving may rise or fall depending on the propensities to save out of domestic income and foreign income. The use of savings would influence not only the level but also the mix of investment. The consequent increase in investment may lead to a further increase in output and income through the multiplier effect.

Given that Y-C=S, the identity can be rewritten as I-S=M-X. Therefore, an increase in income attributable to remittances may enable the economy to realize an excess of investment over savings, through a corresponding excess of imports over exports, with a smaller drawal on external resources than would otherwise be the case.[43] Therefore, remittances from migrants can alleviate either the saving constraint or the foreign exchange constraint, thus enabling the economy to attain a higher rate of growth, which is somewhat akin to the role of foreign aid in two-gap models.[44] In this context, it is worth noting two important attributes of remittances. For one, remittances appear to be a more stable source of external finance, which are not characterized by the instability or volatility of foreign capital flows whether direct investment or portfolio investment. For another, remittances appear to be counter-cyclical with respect to growth in home countries. This is because remittances may increase during economic crises to support consumption, or, an economic downturn at home may induce migration and increase remittances.

The most obvious negative consequence of international migration for economic growth, in the long term, is the brain drain. This has been both recognized and emphasized for a long time. The brain drain represents an unrequited transfer of human capital which is bound to constrain growth. The problem may be accentuated in economies where international migration absorbs a large proportion of increments in the workforce or where the labour surplus is small and the skills are scarce. The export of workers in these circumstances may lead not only to a qualitative but also to a quantitative depletion of the labour force with serious repercussions for growth and development.

In a labour-exporting country, the depletion of human capital constrains economic growth for several reasons. First, there is a loss of scarce skills that are not easy to replenish. Second, the education or training of professional or skilled workers absorbs scarce investible resources, but the returns to public investment in education do not accrue to society. Third, the training of workers to replace emigrants imposes additional costs in terms of both resources and time. Fourth, the migration of people at the higher end of the spectrum of incomes means revenue foregone by the government, particularly in the sphere of direct taxes.

But that is not all. The brain drain may also be associated with negative externalities which could have an adverse effect on economic growth. New growth theory suggests that the knowledge embedded in a person has a positive effect on the productivity of another person, whose knowledge, in turn, has a positive effect on the productivity of this person. Therefore, the emigration of highly educated workers is not simply a once-and-for-all knowledge loss to the home country. It also restrains the productivity of those left behind. Such negative externalities in productivity can only impede economic growth in the long-term.

There are some other, longer term consequences of international migration which could have positive implications for development. In the sphere of trade, a migrant population may induce an export expansion by creating a demand for exports, particularly in the realm of taste-specific or culture-specific consumer goods, the most important example of which is ethnic foods. In the sphere of investment, migrants could be an important source of capital inflows, whether in the form of repatriable deposits, portfolio investment or direct investment. For the home country, the benefits and costs of such capital flows associated with international migration depends on the composition and the nature of these inflows.[45] In the sphere of technology, international migration may, after a time lag, yield benefits to home countries in the form of a brain gain by providing persons with professional qualifications or technical expertise through return migration or placement by transnational corporations. In the sphere of tourism, migration could stimulate tourism, to begin with, through the interest it arouses in host-country nationals and subsequently through the interest in the home-country that surfaces among non-resident migrants in search of their roots.

International migration leads to significant distributional consequences over time not only within countries but also between countries. These consequences are, of course, inter-related but are analytically separable.

Remittances are the most important channel of transmission and outcomes within countries depend on the skills composition of migrants. There is considerable evidence to suggest that remittances, in the aggregate as also per capita, from unskilled and semi-skilled migrants are significantly higher than remittances from other migrants.[46] These migrants are generally persons who are at the lower end of the spectrum of skills, as also of incomes, before departure from their home countries. Remittances from such migrants are essentially meant to support consumption of their households or extended families at home. Remittances of this sort almost always reduce poverty and improve distribution. In fact, if these remittances provide resources for investment in the rural sector, particularly agriculture, or help acquire assets for self-employment in the urban sector, they create income opportunities for the less well-endowed to improve the distribution of income. But when migrants are better educated, drawn from the upper-end of the spectrum of incomes or skills at home, the distributional consequences are different. For one, remittances, in the aggregate as also per capita, are lower for such migrants, not only because they do not need to support the consumption of their extended families at home but also because they would much rather support the consumption of their households, or use their savings for investment, in the host country. For another, in so far as such migrants send remittances to their home countries, these inflows accrue not to poor households but to well-endowed or higher-income families, which tends to worsen income distribution. In this context, it is important to recognize that there is a selection principle, which sometimes borders on a systematic bias, which shapes the skills composition of migrants from developing countries to industrial societies. It is partly attributable to the initial endowments of migrants which provide them with the ability to migrate. It is also partly attributable to immigration laws in industrialized countries which are liberal for those with professional qualifications or technical skills. This underlying principle of self-selectivity among migrants could reinforce negative distributional consequences.

The impact of international migration on income distribution between countries also depends, to a significant extent, on the skills composition of migrants. It is clear that international migration, in the form of a brain drain, tends to worsen income distribution between countries. It means a privatization of benefits for migrants in the host country, and a socialization of costs for those left behind in the home country. It also means an internalization of benefits and an externalization of costs for the host countries in the industrialized world and *vice-versa* for home countries in the developing world. This phenomenon of the brain drain can, and often does, worsen income distribution between countries. It is just as clear that the mobility of professionals, which has registered a phenomenal increase with the gathering momentum of globalization, would also tend to worsen income distribution between countries. The reason is simple. These people, who are almost as mobile as capital, tend to move from low-income countries in the developing world to high-income countries in the industrialized world. Obviously, a brain gain, through transnational corporations or return migration, could improve income distribution between countries but, given the globalization of incomes for such people, it would at the same time worsen income distribution within countries. There are, however, new forms of cross-border movements of people, which could improve income distribution between countries. The increase in the number of guest workers and illegal immigrants, associated with markets and globalization, could make the distribution of income between countries less unequal than would otherwise be the case. Guest workers and illegal emigrants not only send remittances to their families while abroad but also return home with their savings.

In sum, it needs to be said that there is a maturity mismatch between costs and benefits of international migration in the wider context of economic development. The costs are certain while the benefits are uncertain. The costs are immediate, while the benefits accrue later. Most important, perhaps, the costs and benefits are asymmetrical between countries and between people. What is more, even if there is an increase in economic welfare for the world as a whole, the gainers cannot compensate the losers.

Conclusion

The cross-border movements of people are governed entirely by national immigration laws and consular practices. There are hardly any international rules or international institutions in this sphere. Yet, international migration is a reality. It cannot be wished away. Thus, it is essential to work towards an institutional framework that would govern movements of people across borders.

In this context, it is necessary to make a distinction between actual migrants and potential migrants. Actual migrants are made up of legal immigrants and illegal immigrants. For the former, the essential objective should be to ensure a respect for their rights. For the latter, the fundamental objective should be to eliminate exploitation and abuse. For potential migrants, it is necessary to develop institutions, or rules, that govern the cross-border movement of guest workers, who move temporarily for a limited duration, as also professionals or service providers who move temporarily for a specified purpose. The temporary migration associated with guest workers is market-driven. It is often based on an *ad hoc* relaxation of, or accommodation in, immigration laws. Similarly, for service providers other than professionals, the cross-border movement of people is largely subject to discretionary regimes. It is often based on an *ad hoc* modification of consular practices to grant visas more easily, say, for body-shopping. These are unilateral acts on the part of the labour-importing countries. It is, therefore, important to develop a set of transparent and uniform rules for the temporary movement of guest workers or service providers across national boundaries. In doing so, the equivalent of the 'most-favoured-nation principle', which makes for unconditional non-discrimination, could provide a basic foundation.

Sooner than later, therefore, it is worth contemplating a multilateral framework for immigration laws and consular practices that governs the cross-border movement of people, similar to multilateral frameworks that exist, or are sought to be created, for the governance of national laws, or rules, about the movement of goods, services, technology, investment, finance and information across national boundaries. This may seem far-fetched at present and perhaps not in the realm of the feasible. But it is no more implausible than the thought of a general agreement on trade in services, an international regime of discipline for the protection of intellectual property rights, or a multilateral agreement on investment, would have appeared a quarter of a century earlier.

Chapter 13 Notes

[1] The author would like to thank Jose Antonio Ocampo, Dani Rodrik and Joseph Stiglitz for comments and suggestions.

[2] See Tinker (1974) and Lewis (1977). These not found in text

[3]Cf. Lewis (1978).

[4]For evidence on the magnitudes of emigration from Europe during this period, see Massey (1988). See also, Stalker (1994).

[5]The figures cited here are obtained from immigration statistics published by the United States Immigration and Naturalization Service and the Canadian Employment and Immigration Centre. For details, see Nayyar (1994).

[6]The evidence is not definitive and is possibly based on estimates. Stalker (1994) reports that, between 1950 and 1973, net immigration into Western Europe was nearly 10 million

[7]The Immigration Act of 1965 abolished national origins quotas, fixed a ceiling on western hemisphere immigration and devised a preference system that favoured relatives of United States citizens and residents, those with needed occupational skills, abilities or training, and refugees. Immigrant visas were allocated on a first-come-first-served basis, subject to seven categories of immigrants in order of preference and without any numerical limit on spouses, parents or children of US citizens. This led to a rapid shift in the countries-of-origin of immigrants. The

Immigration Act was amended in 1990. It revised the numerical limits and the preference system. Reunification of families continued to be the most important criterion, but the number of employment-based visas was almost tripled, from 54000 to 140000 per annum, and distributed among five main categories of preferences primarily for those with professional, managerial or technical qualifications.

[8]The primary sources of data are the immigration statistics published by the United States and Canada. See also Nayyar (1994) and *Trends in International Migration*, *SOPEMI 2003*, OECD, Paris.

[9]The estimated number of international migrants in the Gulf Cooperation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates) increased from 1 million in 1970 to 3.9 million in 1980, 8.3 million in 1990 and 9.6 million in 2000. See United Nations, *Trends in Total Migrant Stock: The 2003 Revision* (data in digital form).

[10]Malaysia has, for long, relied on workers from Indonesia for its agriculture and plantations. It had an estimated 1.4 million migrants workers in 2000. During the 1990s, Hong Kong, the Republic of Korea, Singapore and Taiwan also emerged as destinations for migrant workers. In the early 2000s, China and Thailand are also beginning to seek foreign workers.

[11] For evidence on, and a discussion of, the refugee problem, see Bohning and Schloeter-Paredes (1994) and Stalker (1994). See also, United Nations, *Trends in Total Migrant Stock: The 2003*

Revision (data in digital form). It is worth noting that the estimated number of refugees, worldwide, was about 17 million on 2000.

[12] See *World Statistics of Aliens: A Comparative Study of Census Returns 1910-1920-1930*, Studies and Reports, Series O (Migration), International Labour Office, Geneva, 1936.

[13] Cf. Stalker (1994).

[14] See Amjad (1989) and Abella (1994).

[15] It is exceedingly difficult to obtain reliable evidence on the number of illegal immigrants. Much of it is essentially conjecture, or casual empiricism, often based on reports in newspapers. The figures cited here are more robust. For the United States, Estimates of the Unauthorized Immigrant Population residing in the United States: 1990 to 2000, Office of Policy Planning, United States Immigration and Naturalization Service, 2003 (http:/uscis.gov/graphics/aboutus/statistics/III_Report_1211.pdf.) Of the 7 million, 4.8 million were Mexican. For Europe, See *Towards a Fair Deal for Migrant Workers in the World Economy*, Report VI, International Labour Conference, 92nd Session, International Labour Organization, Geneva, 2004. Europol estimates that about 0.5 million illegal migrants enter the European Union every year. For estimates about Japan, which are more speculative, see Stalker (1994).

[16] See, for instance, Berry and Soligo (1969).

[17] For a survey of this literature, see Krugman and Bhagwati (1976).

[18] See Stark (1991).

[19] The macroeconomic implications and consequences of international labour migration, whether for labour-exporting countries or for labour-importing countries, are also neglected in the extensive literature on the subject. There are some exceptions. See, for example, Paine (1974), Piore (1979) and Nayyar (1994).

[20] Cf. Kuznets (1966).

[21] For a discussion on migration transitions which, over time, transform labour exporting countries into labour importing countries, see Nayyar (1994a).

[22] The distinction between goods and services, as also that between trade in goods and trade in services, is analysed in Nayyar (1988).

[23] It is perhaps important to make the distinction between labour-scarce and labour-abundant countries clearer. The most plausible reference point, or denominator, is land. Historically, it is the land-labour ratio that has mattered. Even today, it is not irrelevant. Indeed, it is no coincidence that the United States, which is *inter alia* land-abundant, was for a long time (and still remains possibly for different reasons) the single biggest destination for migrants. If the denominator has all other inputs (quality-adjusted), rather than just land, then the distinction

between labour-scarce and labour-surplus countries conforms closely to the distinction between high-wage and low-wage countries.

[24] There is an interesting example of this phenomenon at a micro-level. A significant proportion to taxi drivers in New York city are migrants from a few districts of the state of Punjab in India.

[25] For an analysis of this historical parallel between globalization in the late nineteenth century and in the late twentieth century, see Nayyar (1995).

[26] See World Bank (1995) and UNDP(1999).

[27] In 1992, for example, total employment in transnational corporations was 73 million, of which 44 million were employed in the home countries while 17 million were employed in affiliates in industrialized countries and 12 million were employed in affiliates in developing countries. The share of developing countries in such employment rose from one-tenth in 1985 to one-sixth in 1992. See UNCTAD (1994).

[28] See Bhagwati and Rao (1996).

[29] During the 1990s, there was a rapid increase in the number of temporary workers admitted under the skill-based categories into the industrialized countries. In the United States, for example, the number of admissions under H-IB visas, increased from 143 000 in 1992 to 343 000 in 1998 and 505 000 in 2000 (see United States Immigration and Naturalization Service, *Statistical Yearbooks*). The number of such skilled workers, admitted on a temporary basis into

the United Kingdom, Australia and Canada, taken together, rose from 165 000 in 1992 to 334 000 in 2000 (see *Trends in International Migration SOPEMI 2003*, OECD, Paris).

[30] For a more detailed discussion, see Nayyar (2002).

[31] This argument is developed, at some length, in Nayyar (1989).

[32] Cf. Lee (1998).

[33] See Carens (1996).

[34] This is the central theme in Bohning and Schloeter-Paredes (1994).

[35] For a more detailed discussion, see Lee (1998). See also Amjad (1996).

[36] In this context, it is worth noting that the International Convention on the Protection of the Rights of All Migrants and Their Families, which was formulated with the technical assistance of the ILO and adopted by the United Nations General Assembly in 1990, has so far been ratified by less than ten countries all of which are labour-exporting economies.

[37] For a discussion on the causes and consequences of what is described as undocumented migration, see United Nations (1998).

[38] There is an extensive literature on the brain drain. See, for example, Watanabe(1969), Sen (1973), UNCTAD (1975) and Bhagwati (1976).

[39] Clearly, the income foregone in the home country where wage levels are low would be significantly less than the income created in the host country where wage levels are high. This

does not, however, mean that such international migration leads to an increase in world welfare insofar as the gain for industrialized countries, so measured, is greater than the loss for developing countries. It has been argued by Sen (1973) that such welfare comparisons cannot be made for the simple reason that a dollar of income foregone in a poor country may cause much more hardship than the comfort that would come from a dollar of income created in a rich country.

[40] See Grubel and Scott (1966). The implications for developing countries, in terms of a significant loss of human capital and a substantial diminution of technological capability, are highlighted in UNCTAD (1975).

[41] See, for example, Nayyar (1994), Ratha (2003) and Solimano (2004).

[42] It is worth noting that the distribution of remittances among developing countries is far from equal. In 2001, for instance, the 5 largest recipient countries (India, Mexico, Philippines, Morocco and Egypt) accounted for 45 per cent of total remittances to developing countries. The top 10 countries (including Turkey, Lebanon, Bangladesh, Jordan, and Dominican Republic) accounted for 60 per cent, while the top 20 countries (including EI Salvador, Columbia, Yemen, Pakistan, Brazil, Ecuador, former Yugoslavia, Thailand, China and Sri Lanka) accounted for 80 per cent (these proportions have been calculated from IMF Balance of Payments Statistics).

[43] This proposition may appear paradoxical at first sight because, in an accounting sense, it follows from the identity that there would be a corresponding increase in savings. But it is gross national saving rather than gross domestic saving that would rise and the economy would be able to realize an excess of investment over the latter.

[44] See Chenery and Strout (1966).

[45] For an analysis of this issue, see Nayyar (1994).

[46] See, for example, Nayyar (1994).

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