Is There a Goldilocks Solution? "Just Right" Promotion of Labor Mobility

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Abstract

Relaxations of rich country restrictions on the mobility of low-skilled labor is far and away the single most potent policy change to raise incomes of people now living in poor countries. But this just isn't on the post-2015 Sustainable Development Goals agenda or the agenda of any development actor. The reason why is seemingly obvious: rich country voters don't want it. In this policy essay we take issue with that explanation in two ways. First, a naïve explanation of the global agenda as determined by the "polled opinion of the median voters" (of whatever countries) is an empirically poor model.

Second, we take the lessons of recent successful global advocacy and propose their application to a "goldilocks" approach to the promotion of reduction of barriers to movement of low skilled workers. The "just right" approach looks to avoid either "too hard"—expecting countries to make legally binding commitments to a global protocol—or "too soft"—no global mechanisms for reducing restrictions on labor mobility. We propose a "bundled" organization that works with existing bilateral labor agreements and partners as part of an organization capable of analysis and advocacy.

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Introduction

This policy essay is divided into four parts: two factual, two conjectural.

Factually, a modest relaxation of the restrictions on labor mobility currently imposed by rich countries would produce *orders of magnitude* larger income gains for current developing country citizens than anything else currently on the development agenda—micro or macro. Moreover, as gains from labor mobility are the result of a productivity gap across borders sustained by policy barriers to factor mobility, the gains from relaxation of these market impediments are potential Pareto-improving. Unlike other development interventions, they could be economically free to rich countries.

Factually, in spite of the potential gains of and increased pressures for labor mobility, the active promotion of even marginal relaxations on labor mobility by rich countries is almost completely off the development agenda at all major mainstream international organizations e.g. the UN, World Bank, WTO, and IMF or among development academics.

These two facts lead to the conjectural sections.

Why is the promotion of greater labor mobility not on the development or global agenda? The obvious explanation that (a) rich country voters oppose greater migration, (b) rich countries have dominated the global agenda (or at least exercised veto control) has merit. It is true that opinion surveys show citizens in most rich countries overwhelmingly oppose higher levels of migration. However, as an explanation of global policy agendas "popular opinion" is not a sufficient explanation, even in a democracy. Many items reached the global agenda through successful advocacy by a small committed core that began with little or no general popular support. We examine recent global advocacy successes that began without widespread popular support to elicit potential lessons.

Most conjecturally of all, what, if anything, can be done? We propose a Goldilocks approach for labor mobility advocacy that is neither "too soft" nor "too hard." The current global stance is "too soft" to promote greater development friendly labor mobility. In contrast, advocacy for legal, reciprocally binding, broad agreements embedded in multi-national organizations is, at this stage, "too hard" as the rich countries can and will simply say no. A "just right" approach to global advocacy for development-friendly labor mobility might be an organization which is: (i) pluri-lateral in its membership, (ii) a platform for voluntary agreements of many types passing a threshold of acceptable practice, (iii) designed to promote more and better labor mobility through practice, research, and advocacy. We draw on the lessons from successful advocacy in other domains to speculate on how that might work.

1. The productivity gap and gains from reductions in restrictions on labor mobility

Current theory and empirical evidence from microeconomic and macroeconomic approaches show that exactly the same person—with identical intrinsic productivity or "human capital" (e.g. skills, aptitude, ambition, dispositions, preferences, etc.)—has labor productivity that is *factor multiples* higher in Germany than in Mali, in the USA than in Peru, in Japan than in Vietnam. This massive productivity gap of identical workers across borders creates pressures for labor mobility. Employers are willing to pay wages that reflect the higher worker marginal product in the high productivity country. At least some workers are willing to move from low to high productivity places to enjoy those higher wages.

Standard economics shows that wage or price differentials sustained by policy barriers to mutually beneficial economic transactions create potential Pareto improvements. The massive wage differentials across equally productive labor induced by current unilaterally adopted and imposed legal restrictions on labor mobility in rich countries create gains from marginal reductions of those barriers are *orders of magnitude* larger than anything else on the development (or, for that matter, economics) agenda. As Clemens (2011) points out, the theory is that efficient markets do not leave "hundred dollar bills" on the sidewalk but border-based barriers to labor mobility are distortions to efficient markets and hence create price differences for equal productivity labor that leave "trillion dollar bills" in the gains from these market distortions.

Clemens, Montenegro, and Pritchett (2008, 2015) estimate the wage gaps between low-skill workers with the same characteristics working in any of 41 home countries or in the United States. For example, their analysis showed that a male, urban, formal sector worker born in Peru, with an incomplete Peruvian high school degree, *working in Peru* in 2000 was predicted to earn in PPP adjusted dollars, P\$5,424 per year. A worker with those exact same characteristics *working in the USA* in the same year earned P\$20,573—higher by roughly P\$15,000, or 300 percent. The median annual wage gain for observationally equivalent this education level workers across the dataset was P\$15,438, ranging from P\$21,772 for workers from Yemen to P\$8,912 for workers from the Dominican Republic. Clemens, Montenegro and Pritchett (2015) show that even correcting for the possible self-selection of migrants to create a *lower bound* on the wage gap of not just observationally equivalent but equal productivity workers produces an estimate for the median lower bound wage differential between 40 countries and the USA of P\$13,600.

However, a P\$13,600 gain for low-skill workers potentially *under*states the earning gains to a mover in two ways. As Rosenzweig (2010) points out, an equi-proportionate wage gain to increased skill or schooling in both domestic and foreign labor markets, as for instance produced by a 10 percent Mincerian return to schooling in each, increases the absolute gap in wages (or "skill price"). The median foreign wage for workers who had not completed high school in the Clemens, Montenegro, and Pritchett (2008) sample of 41 countries was P\$4,674; the 2000 U.S. wage for this demographic was US\$19,972. If we assume that workers who have completed high school make 30 percent more (consistent with a 10 percent Mincer return and an average gap of 3 years) then this increases the estimated wage gain from moving to P\$20,361 = \$26,583-\$6,222.

Second, the PPP adjustment of wage differences assumes that all U.S.-earned wages are spent at U.S. prices while all foreign wages are spent at (lower) foreign prices. But if migrants either remit money (and they do) or save money to spend at home (and they do) then the PPP adjustment *under*states the gain in "real" consumption price earnings. If we assume a migrant spends 40 percent of earnings in his/her home country with average prices one-third of the U.S. rate (roughly the median in the sample) this raises the effective wage gain of migrants considerably—from P\$15,300 to P\$23,130.

Table 1: Average of the estimates of the annual gain in earnings from moving to the USA for a typical low- to medium-skill male wage earner across a sample of 41 developing countries range from P\$12,000 to P\$30,000 (depending on skill levels, PPP adjustment and adjustment for selection)

	Level of S		
Estimates	Incomplete high school	High school complete	
Observationally equivalent, 100 percent of spending in USA (PPP adjusted)	\$15,298	\$20,361	
Observationally equivalent, adjust "real" consumption wage upward for 40 percent of spending in home (remittances or savings) at lower prices	\$23,130	\$30,785	
Lower bound estimate of the gap for low skill workers correcting for potential self-selection of migrants	\$13,602	\$18,104	
Adjust downward by 1.25 (maximum empirically demonstrated positive selection of low skill migrants on unobserved characteristics), 40 percent spent at home	\$20,566	\$27,372	

Source: Based on Clemens, Montenegro and Pritchett (2008)

On the other hand, the comparison of wages of observational equivalent workers possibly *over*states the gains to mobility for a typical incremental worker if there is positive selection of migrants on characteristics not included in the regression (either due to lack of data or unobservables). While selection affects might be a massive issue for "superstar" migrants (e.g. the productivity of an economics professor, surgeon, scientist, or venture capitalist from India while in the USA might be factor multiples higher than observationally equivalent in India) there is no evidence this is a major factor for low- to medium-skill workers. Clemens, Montenegro, and Pritchett (2008) review various methods to correct for selection, producing a range of estimates of the ratio of wage gains from observationally equivalent workers to gains to identical workers for low- to medium-skilled workers from .96 (slightly negative effects) to 1.25 (modestly positive effects). AClemens, Montenegro, and Pritchett (2015) adjust econometrically for selection to find a lower bound the border based price differentials even these lower bounds reveal massive wage gaps. The lower bound of the

wage gap for equal productivity workers lowers the observed wage gap for observationally equivalent workers without high school complete from P\$15,300 to P\$13,600.

Other methods, both micro and macro, produce similar results. The ILO Occupational Wages around the World (OWW) data (Ostencoop 2013) for the category of "waiters" shows an average annualized earnings gap of \$13,110 between the USA and the 30 lowest-wage countries in the sample. This gap widens toP\$14,930¹ for the ten lowest-wage locations, even for a job that falls at the extreme low end of the U.S. labor market with average earnings of \$8/hour—near the legal minimum wage (Table 2). ² Comparing the occupations in the "construction" industry, which reflect some skilled trades,³ produces an average wage gap between the USA and the bottom 30 countries of P\$34,824. The OWW data allow comparisons with other high income countries to demonstrate the size of the wage gap is not unique to the United States. Comparing the lowest wage 10 or 30 countries with the median wages of the highest 10 wage countries shows similar wage gaps—almost exactly P\$15,000 (P\$14,914) for waiters for the bottom 30—and P\$25,465 for construction workers.

¹ These compare the most recent observation in the data for the given country with data past 2000 and the USA.

² Ashenfelter and Jurajda (2001) compare workers doing the same job in the same organization, counter help and crew at McDonalds, in 1998 and finds a gap in earnings between the low wage countries (India, Brazil, China, Colombia, Thailand) and the OECD of almost exactly P\$10,000 at the very bottom of the OECD labor market.

³ The codes used are: 81 Building electrician, 82 Plumber, 84 Building painter, 85 Bricklayer (construction), 87 Cement finisher, 88 Construction carpenter, 89 Plasterer.

Table 2: Earnings (PPP) for identical low to medium skill occupations different between poor and rich countries by \$15,000 to \$25,000 Construction workers Waiters Bottom 30 Bottom 10 Bottom 30 Bottom 10 \$0.74 \$1.46 \$1.37 \$2.21 Wages (latest year) Wages USAa \$7.92 \$7.76 \$20.28 \$19.12 Annualized gap (hourly wage gap*2080 hours/year) \$14,930 \$13,111 \$39,330 \$35,177 Median wages, top 10 countries (latest year) \$8.63 \$14.45 \$8.63 \$14.45 Annualized gap with median of top 10 countries \$16,401 \$14,914 \$27,217 \$25,465

Source: Author's calculations with data from Ostencoop 2013.

a) The wages for the USA are matched to the latest available year for each country to calculate the gap in that year and hence are slightly different depending on the sample.

The latest version of internationally comparable national accounts in the Penn World Tables 8.0 (Feenstra, Inklaar and Timmer 2015) allow a calculation of the wage gain from macroeconomic data. The data report a decomposition of output per worker into Total Factor Productivity (TFP), capital, and human capital. This allows the thought experiment of asking: "what would the wage gain be if the same human capital (as measured) worked at US productivity and capital labor ratio?" This is the purely macroeconomic equivalent of the gains to migration. Table 3 reports that the gain for the 30 or 50 lowest-wage countries (of the 111 with the necessary data) is roughly P\$28,310 to P\$29,250. This almost certainly overstates potential gains as it assumes a year of schooling produces the same human capital in all countries and that a migrant worker would earn the same amount as a native. Assuming the wage gain of a migrant would be only 85 percent of this hypothetical still yields an estimate of P\$25,000.

Table 3: Using macroeconomic data to estimate the gain to moving equivalent schooling capital from a low wage country to the USA produces a gain of P\$28,000 per year.

	Bottom 30	Bottom 50
	countries	countries by
	by wages	wages
National accounts wage bill per employee	\$2,970	\$5,178
Wage gain of same labor and human capital at US TFP and K/L ratio	\$29,250	\$28,310
Wage gain just from working at US productivity	\$6,094	\$7,439

Source: Author's calculations with PWT8.0 data (Feenstra, Inklar and Timmer 2015).

Finally, there are an increasing number of estimates that are idiosyncratic as to place, occupation, and industry but are based on clean identification to handle the migrant selectivity question. McKenzie, Gibson, and Stillman (2010) estimate the annualized gains of seasonal agricultural migrants chosen by a lottery of applicants from Tonga to New Zealand at US\$18,872. Clemens (2013) uses the random allocation of the H1-B visa across Indian applicants to estimate that the wage gain from a U.S. visa is 5.6 times base earnings —in this case almost US\$50,000 (since this is high skill employment).

There are four striking things about a income gain of P\$15,000 to P\$25,000 per worker per year from allowing a worker to work in a rich country versus a poor country.

First, while the exact number obviously depends on the origin and host countries and the skill level of movers, no one doubts that these estimates as rough averages across developing countries and typical skill levels are roughly accurate. That there are gains to earnings of marginal moversthat are *factor multiples* of their (consumption deflated) wages in their home country is beyond scientific dispute as it aligns with both best available theories and with microeconomic, macroeconomic, and experimental empirical evidence.

Second, gains of this magnitude make everything else on the development agenda—both microeconomic and macroeconomic—pale in comparison. The basic arithmetic is that all project/programmatic development interventions aim at achieving *percentage* gains in income/welfare whereas labor mobility increases earnings by large *factor multiples*. Suppose a family of four is supported by a single worker at the \$2/day (PPP) poverty line and hence has yearly earnings of around P\$3,000 (consistent with microeconomic estimates of earnings for the 30 bottom wage countries in both table 2 and table 3 above). An intervention that managed to increase earnings by 10 percent (and there are decidedly few programs/projects/interventions with empirically proven reliable gains of this magnitude) would raise annual income by only P\$300—50 times smaller than the gains from working a year in an OECD country. Alternatively, the typical wage gain from an additional year of schooling is around 10 percent (Montenegro and Patrinos 2013); the Net Present Value of that increment from a \$3,000 base, sustained over a 40-year working life is about \$2,500. So the *lifetime* gain from a year of schooling is equivalent to only *two months* of work in the U.S.

Suppose we think of pure cash transfers as both the "index fund" of development projects that zeroes out administrative and procurement costs and a causal model of specific income raising activities (Blattman and Niehaus 2014). The NPV of a cash grant equivalent to a year's income, invested at 10 percent return to generate a cash flow of \$300 with the capital value maintained, discounted at 5 percent is only \$6,000 = (\$300/.05).

This in an environment in which there is substantial empirical debate about whether the impact of many popular programs like micro-credit, agricultural extension, and promotion of small scale businesses isn't zero. Banerjee et al's (2015) evaluated a BRAC intervention with six components (productive asset transfer, consumption support, technical skills training, high-frequency home visits, savings support, and health services) across six countries (India, Ethiopia, Pakistan, Ghana, Honduras, and Peru). The average gain to household nondurables consumption across the five countries with positive gains is P\$344. Supposing this year 3 gain is sustained at that level and using a 5 percent discount rate produces estimates of average per household program costs of P\$4,545 and average per household benefits of P\$8,472. Even at optimistic estimates in situ interventions produce lifetime NPV gains equal to the gain to a low skill working of working in a high productivity country instead of their own for a few months as the annual gain from these countries compared to a lower bound for these five countries is P\$13,119 which is almost forty times the annual gains from the program of P\$344 and the annual wage difference is 3.3 times the lifetime NPV gain.

Table 4: The annual gains from <i>in situ</i> poverty programs are a tiny fraction of the wage differentials of low skill workers between those countries and the USA								
Country	Year 3 nondurable consumption ITT treatment effect (line 6 of table 4 from Banerjee et al 2015)	NPV of total benefits per household (line 8 of table 4 from Banerjee et al 2015)	NPV of total costs (line 2 of table 4 from Banerjee et al 2015)	NPV of benefits less costs of multifaceted poverty program	Lower bound of the estimate of the annual wage gain of low-skilled male worker (correcting for selection)			
Ethiopia	\$424	\$10,806	\$4,157	\$6,649	\$9,247			
India	\$251	\$6,299	\$1,455	\$4,844	\$14,317			
Pakistan	\$451	\$10,678	\$5,962	\$4,716	\$13,845			
Ghana	\$332	\$7,174	\$5,408	\$1,766	\$12,810			
Peru	\$263	\$7,402	\$5,742	\$1,660	\$15,375			
Honduras	-\$218	-\$6,117	\$3,090	-\$9,207	\$12,526			
Average (excluding Honduras)	\$344	\$8,472	\$4,545	\$3,927	\$13,119			
Source: Banerjee et al (2015) and Clemens et al (2015).								

Modest relaxations of barriers lead to gains much larger than "business as usual" development programming. The World Bank's concessional IDA assistance in 2011 was \$16 billion. How many additional workers from IDA countries would have to be allowed to work in high productivity countries at a gain of P\$15,000 per year to produce an equivalent amount in increased earnings? About one million, or only .18 percent of the current OECD labor force or a one percent increase in total migrant stocks in developed countries. Producing earnings gains equivalent to total Development Assistance Committee (DAC) development assistance in 2012 (\$127 billion) would require a policy increasing mobility by 1.4 percent of the current OECD labor force. Winters and Walmsley (2006) and World Bank (2006) estimate that gains from a 3 percent increase of the OECD labor force through relaxation of the quota on labor mobility fall between \$300 billion and \$674 billion—both factor multiples larger than the gains from aid, trade liberalization, or capital liberalization. Even *small* relaxations of existing constraints on labor mobility easily add up to (and surpass) *all* of other items on the development agenda.

The third striking thing is that the P\$15,000 to P\$25,000 gains per person are potentially free, in the sense they are potentially Pareto-improving. So far, we have been comparing the gross gains from development interventions to those from labor mobility, but that is unfair to labor mobility as it does not reflect the respective costs of the two alternatives. The "index fund of international development' of a cash transfer (Blattman and Niehaus 2015) requires a third party to give up the cash (either voluntarily as philanthropy or involuntarily as taxes). However, the higher wages from labor mobility reflect higher productivity; therefore, employers willingly pay higher wage rates because it creates equivalent (or increased) value for them. Unlike traditional development gains that require resource-absorbing actions (that may or may not succeed) the gains from labor mobility rely on the existing arbitrage opportunity from differential productivity across borders of people with the same intrinsic productivity which merely require mutually beneficial exchanges between workers and employers to be allowed. Existing cross-national wage differentials for people with equal intrinsic personal productivity appear to be (mostly)4 the "price equivalent" of the binding quantitative restrictions that rich countries impose on labor movement. It is easy to show with the standard tools of international trade or public economics that in a "first best" world there are potential Pareto-improving reductions in labor barriers.

There is essentially no dispute that labor mobility is *potentially* Pareto improving for host countries. Even the evidence often cited as supporting the view that there are costs to native wages of immigration in the U.S. actually show the *total* wage gain from US migration 1990 to 2006 on average native wages to be positive (even before correcting for prices) (Ottaviano and Peri 2013). The empirical claims are limited to an assertion that immigration to the US,

⁴ Empirical studies show that steady state wage ratios between spatially separated (and culturally distinct) regions with free labor mobility (e.g. between Puerto Rico and the USA, Martinique and France, Netherlands Antilles and the Netherlands) are on the order 1.25 to 1.5 (Clemens, Montenegro and Pritchett 2008). So some fraction of the observed wage differential are the utility costs to movers and hence wages even in culturally distinct but legally integrated markets do not converge to 1—but this is a small part of the observed wage ratios of more than 4 to 1.

historically primarily low-skilled, negatively impacts the wages of very low-skill natives.⁵ Even these findings for the US areinconclusive, while Borjas (2003) and Borjas and Katz (2007) found impacts on low skilled US workers by imposing the assumption that native and migrant workers were perfect substitutes, empirical studies allowing for imperfect substitutability between domestic and foreign workers of the same levels of schooling (a view with strong empirical support) find no impact on low skilled natives. Increased migration in this case primarily impacts the wages of previous migrants (Ottaviano and Peri 2012). As with all reforms there are winners and losers and there might be some groups negatively affected by migration—but this doesn't negate that a reform is potential Pareto improving.

The fourth striking thing about the gains from labor mobility is that they are invisible on the development agenda, to which we now turn.

Promotion of labor mobility is completely off the mainstream development agenda

Our second factual claim is that the active promotion of migration as a means to increase the incomes of developing world citizens is, at best, peripheral to the mainstream development agenda. While this is likely evident to most readers, we present five examples of the conventional development agenda of five different slices of mainstream development: (i) the post-2015 agenda of the UN and its agencies, (ii) the World Bank, (iii) the World Trade Organization, (iv) academic development economics, and (v) development advocacy/NGOs.

United Nations. The Sustainable Development Goals agenda is, if anything, expansive: 169 distinct goals or targets under 17 different domains. However, the only thing approaching a goal about migration is Goal 10.7: "Facilitate orderly, safer, regular, and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies." It hardly takes an experienced diplomat to see the constructive ambiguity in that goal. Is the goal to make existing levels of mobility more "orderly" and "responsible" by implementing "well managed" policies (which could of course actually *reduce* the total amount of migration)? Or is the goal to "facilitate...mobility" within the constraints of that mobility being "orderly, safer, regular and responsible"?

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⁵ It is worth noting that economists almost never evaluate any policy proposals in terms of *actual* Pareto improving (which is either an impossibly strict standard that almost nothing would pass or depends on compensating transfers in addition to the considered policy change). For instance, the profession's usual response to the distributional consequences of potential Pareto improving policies is "instruments to targets"—that is, pursue the first-best and then use best available mechanisms to address distributional consequences and evaluate that as a "feasible Pareto improving" policy. That the *distributional* consequences of migration (and particularly low skill migration) are considered to be so important in the policy debate around labor mobility is an artifact of politics (addressed below), not the discipline of economics.

The UN website to promote the SDGs the Sustainable Development Knowledge Platform includes 36 development topics—including topics like "Mountains" "Small Island Developing States" and "Sustainable Tourism"—but labor mobility does not merit a topic.

World Bank. The World Bank is a huge development organization with an administrative budget of nearly 2.5 billion dollars and over 10,000 employees, as of 2013. In 2014 the Bank reorganized around fourteen "Global Practices" and four "cross-cutting themes" as an attempt to improve the World Bank's ability to meet current development challenges. Not one of those practices or themes had any direct connection with migration or labor mobility. However, the World Bank is so huge and diverse there are a few individuals promoting some aspects of migration. Dilip Ratha at the World Bank has advocated the importance of remittances as a source of foreign exchange flows to developing countries and has an active agenda attempting to reduce remittance costs. His group, the Global Knowledge Partnership on Migration and Development (KNOMAD) also works to build knowledge around migration issues. The Social Protection and Labor Global Practice also has a growing, if nascent, operational agenda on services supporting increased capacity for managing labor mobility between client countries.

The World Bank's work program represents the prevailing "neutralist" or "background factor" view towards labor mobility. Any work program must necessarily be an agreement between the country's national government and the organization, and hence is biased towards certain constructions of the meaning of "development." Even in countries like Haiti, where migrants account for 25 percent of GNP, the Bank annual lending program of US\$800 million does not have a single project related to migration. The hesitant stance of the World Bank toward migration is revealed by the fact that World Bank staff played a key role in both helping New Zealand design and in producing a rigorous evaluation of a "development friendly" scheme for temporary labor mobility (an evaluation which claimed it was "among the most effective development policies evaluated to date" (McKenzie, Gibson, and Stillman 2010). Yet rather than trumpeting their role (as it does for many programs) this World Bank engagement was consistently underplayed. Very recently, in August 2016, there was a World Bank Board meeting to discuss a World Bank agenda in migration that approved a modestly more positive approach to migration and labor mobility, but framed solidly within the "safe, orderly, and regular" mantra.

World Trade Organization. The World Trade Organization (WTO) administers agreements on various topics, including trade facilitation, intellectual property, and a General Agreement on Trade in Services (GATS). When the latest round of WTO negotiations, the

⁶ https://sustainabledevelopment.un.org/topics

⁷ The fourteen "practices" are: Agriculture; Education; Energy and Extractives; Environment and Natural Resources; Finance and Markets; Governance; Health, Nutrition, and Population; Macroeconomics and Fiscal Management; Poverty; Social Protection and Labor; Trade and Competitiveness; Transport and Information Technology; Urban, Rural, and Social Development; and Water. The five "cross-cutting" areas are: fragility, climate change, gender, jobs, and public-private partnership.

⁸ A point persuasively made in the context of Lesotho by Ferguson (1994).

Doha Round, was labeled a "development" round, there was some hope that the WTO could become an important part of a labor mobility agenda through agreements under GATS, which allows for "movement of natural persons" under "mode 4" of trade in services. In principle, mode 4 allows for countries to negotiate agreements by which "natural persons" are allowed to be physically present on each other's territory to provide services. However, this has encountered two obstacles. One, the Doha Round, which began in 2001 has not reached a successful conclusion; some fear it never will despite the recent "Bali Package" of agreements in December 2013 (the first progress in negotiations since 2008). Two, even within the Doha Round little attention has been paid to GATS mode 4 (with most proposals focused on "essential personnel") and no significant momentum has materialized to make this a key element of a "development" round, even if one were to succeed.

Academic Research. Economists are usually sympathetic to labor mobility as an extension of their general sympathy for individual choice and markets. Yet research into the consequences of labor mobility for the movers, much less active examination of the costs and benefits of labor mobility schemes, is typically small and peripheral in development economics (Clemens 2011). An examination of the top ten most cited papers by thirteen top development economists finds that only one of those 130 papers deals with international migration as a primary topic. This is not because none of these authors ever produce works on migration (many have) but these are not the papers that garner high profile publication, citation, and attention. For instance, the randomized evaluation of the "best practice" development friendly labor mobility scheme cited above (Gibson and McKenzie 2010) has been cited a total of 40 times as of October 2016. In contrast, a paper by one of the authors of that paper on returns to capital in micro-enterprises (De Mel, McKenzie and Woodruff 2008) has been cited over 600 times. Moreover, much of the academic research on migration focuses on the consequences on host countries, even though all agree these are a tiny fraction of the gains to the movers.

NGO/Advocacy. The current anti-globalization non-system for labor mobility is lose-lose-lose: unjust in frustrating the legitimate desires of those who would like the opportunity to move but are blocked, unnecessarily cruel and inequitable to many who do manage to move, and ultimately ineffective in meeting recipient countries' desire for complete border control. 10 Numerous social and intellectual movements critique many other dimensions of globalization, e.g. anti-sweatshop movements to promote worker rights, "fair trade" movements, protests against extension of intellectual property rights that increase drug prices in poor countries, advocacy against rich country agricultural subsidies, proponents of debt relief—labor mobility is a glaring, and as yet largely unaddressed, exception. In fact,

⁹ "Thirteen top" does not assert "top thirteen" and are (alphabetically): Abhijit Banerjee, Angus Deaton, Alain De Janvry, Esther Duflo, William Easterly, Ricardo Hausmann, Dean Karlan, Aart Kraay, Michael Kremer, Ted Miguel, Dani Rodrik, Robert Townsend, Christopher Udry.

¹⁰ We primarily focus on these flows, while acknowledging these are just one element of global human mobility. Recent estimates are that "South-South" flows are roughly 47 percent of migration and flows from "South" to high income oil countries another 13 percent so "South" to industrialized "North" countries are only about 40 percent of the total (Ratha and Shaw 2007).

there has been much more advocacy attention to "human trafficking"—legitimately and importantly focusing on abuses of individuals within the current regime—than to relaxation of constraints on movement. The Wikipedia page lists 73 organizations working to combat human trafficking, and notes the list is incomplete. There is likely a comparable number working on migrant rights. To date only there is only one network actively advocating freer movement.

3. Five ideas from advocacy success

There is a seemingly straight-forward explanation for why labor mobility is not on the global development agenda in spite of its massive potential benefits to movers. Many believe that rich countries will never take more favorable policy stances towards development friendly labor mobility. Hence promoting labor mobility is pointless (or worse) for mainstream organizations. Even if everyone agrees that the gains from labor mobility are orders of magnitude larger than existing programs, development practitioners, academics, and advocates will continue to work on microcredit, de-worming, conditional cash transfers, multifaceted "graduation" programs and SME training since they are both established and linearly scalable through more of the same type of project/program. Labor mobility is off the agenda not because there is any disagreement about the economics of the gains (and losses) but purely due to political calculus about the likelihood of success.

The simple explanation is: (a) rich countries are powerful in setting the global agenda, (b) rich countries are democracies, and (c) their voters overwhelmingly oppose greater levels of mobility. Hence, rich countries will block labor mobility from coming onto the global development agenda where they can. Moreover, even governments of many poor countries who are current or potential net senders of migrants see the gains exclusively going to migrants (who are outside of their control or tax net and/or may not vote while abroad) and hence those governments do sufficiently incorporate the gains to movers into their political calculus. Most international organizations are just that inter-*national* and hence dominated by representatives of nation-states. Since neither potential host nor actual or potential sender nation-states are enthusiastic about freer labor mobility it remains an orphaned agenda.

Our conjecture is that "getting labor mobility on the international agenda is hopeless" view might be wrong. It is based on naïve and empirically untenable models of how politics works, even in some democracies, 11 and how international agendas are constructed. In this section, we use the example of recently successful global movements to illustrate how successful movements have created international agendas, often completely in the absence of any mass support. There are numerous examples of successes reaching and using the global agenda to promote action. Few of these can be explained as the *result* of a causal path from

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¹¹ Gilens and Page (2014) concluded that "the preferences of the average American appear to have only a minuscule, near-zero, statistically non-significant impact upon public policy" while "the preferences of economic elites…have far more independent impact upon policy change"

"popular opinion" in rich countries to action. Neither can these successes usually can be explained as the adoption of clear, evidence based, consensus among either the economic or other disciplines or development practitioners more broadly.

The main difficulty with discussing the political economy of successful advocacy is that the measure of an advocacy movement's success is the extent to which their narrative becomes unquestionable. Given the nature of advocacy, nearly every advocacy movement attributes their success to the fact that their claims and cause were right, true, just, on the right side of the arc of history. Their victory as a movement is not principally explained by strategy or tactics but by the correctness of their view. It is easy to reverse the causality of the phrase: "the course of history is long but bends towards justice" and conclude that what happened causally happened because is more "just" than what preceded it.

The questions of "How did climate change come to be regarded as an important issue?" or "How did HIV/AIDS treatment come to be regarded as a funding priority?" cannot, given the overwhelming success of their respective advocacy movements, even be posed in the current intellectual climate in the U.S. or Europe. The obvious answer is that both climate change and HIV treatment are regarded as development priorities because they factually and obviously are development priorities. But perhaps the key consequence of the intellectual evolution of the 20th century was that human "facts" are widely regarded as socially constructed and that this social construction is intimately tied up with questions of power. This means that, at least potentially, socially constructed "facts" can be deconstructed and/or (re)constructed quite independently of any naïve notion of power or evidence.

Kathryn Sikkink and Margaret Keck (1998) identify elements and characteristics of successful international advocacy movements. In this section we pair their analysis with some of our own observations to outline a shape for a potentially successful international labor mobility movement. Characteristics of a movement regard both the structure of the movement (people involved, activities undertaken, nodes) and characteristics of the issue itself.

We think the evidence suggests five elements of successful international advocacy:

- Committed core
- Dense Networks and diverse coalitions
- Something for people to do at multiple levels—leadership, analysis, front-line action
- Issues involving bodily harm and/or legal equality of opportunity
- Multiple approaches of activity

3.1 Structure of the movement

Committed core

Sikknik and Keck (1998) argue successful advocacy movements require a dedicated group of individuals which form the heart of the network. These individuals frequently emerge from: (1) international and domestic nongovernmental research and advocacy organizations; (2) local social movements; (3) foundations; (4) the media and sympathetic journalists; (5) churches, trade unions, consumer organizations, and intellectuals; (6) parts of regional and international intergovernmental organizations; and (7) parts of the executive and/or parliamentary branches of governments.

Dense and diverse coalitions

According to Sikkink and Keck, "networks operate best when they are dense, with many actors, strong connections among groups in the network, and reliable information flows." Dense networks are ones with many actors in a diverse group of organizations and issue areas. Diversity in a network enables it to approach the primary goal from many angles, broadening the support base. For example, the environmental movement's contacts in developing countries were often with multi-issue development NGOs rather than with environmental organizations, forming a relationship which highlighted relationships among environmental, human rights, and development issues. It also worked with actors in the private sector and government officials from an angle of professional norms or interests as well as values. A diverse network also allows advocates to maintain balance among various interest groups. Amnesty International, for example, chose to highlight equally cases in the first world, second world, and third world in its campaigns. This secured engagement and support from actors from both the global North and South, avoiding common tensions and power dynamics between these groups in advocacy movements. Finally, a diverse coalition creates multiple entry points through which networks may "shop" the entire global scene for the best venues to present their issues, and seek points of leverage at which to apply pressure."12

Diverse coalitions often create surprising partners. For instance, the largest single expansion of US foreign aid since Kennedy was President George Bush's PEPFAR (President's Emergency Plan for AIDS Relief) which spent billions a year on prevention and treatment of AIDS in Africa. That a conservative Republican president from Texas was the champion is perhaps due to the fact that evangelical Christian groups—perhaps an unlikely partner in fighting AIDS when seen from US domestic politics—were heavily engaged in Africa and hence were aware of the tremendous toll of AIDS in Africa.

¹² Sikkink and Keck 1998.

Something for everyone to do

Maintaining engagement of network actors relies heavily on having tangible and immediate ways for them to participate in advancing the cause. This tends to be a difficulty for more technocratic issues (such as free trade or inflation targeting). This issue is considered one of the contributing factors of the success of the movement to end violence against women, relative to other causes on the feminist agenda (such as development and gender issues). Charlotte Bunch, head of the Center for Women's Global Leadership at Rutgers University, says, "sometimes deceptively, sometimes usefully, you feel like you can do something about it. There are everyday things you can do about it, from wherever you are." Actors who feel that there are few practical contributions they can make are unlikely to stay involved in a movement, regardless of their level of agreement with the core issue. As such, for a movement to grow, there must be multiple roles available.

3.2 Issue characteristics

Bodily harm

The first common theme among issues that form successful transnational advocacy networks is bodily harm to vulnerable individuals. This theme appears to be particularly powerful, to the extent that it often dominates other components of an advocacy movement. For example, Sikknik and Keck point out that within the environmentalism movement, advocacy initiatives around physical harm and loss of livelihood as a result of environmental damage have been far more successful than other environmental harms.

This theme perhaps explains why advocacy movements around human trafficking have had far more widespread support than international migration.

However, there are significant physical harms of the current system to which labor migration advocates could point. Limited legal avenues of access incentivize dangerous illegal crossings and the use of human smugglers. The International Organization on Migration has had some success calling attention to these issues with its Missing Migrants Project, an initiative which tracks deaths of migrants and those who have gone missing along migratory routes worldwide. This issue gained far more attention during the summer months of 2015, when deaths crossing the Mediterranean came to record highs. This is likely to be a key component of the dialogue moving forward, and can draw attention to bodily harm as an argument for increasing legal pathways to entrance in foreign countries.

Legal equality of opportunity

The second common theme among issues that form successful transnational advocacy networks is legal equality of opportunity. For example, Sikkink and Keck note that "What made apartheid such a clear target was the legal denial of the most basic aspects of equality of opportunity. Places where racial stratification is almost as severe as it is in South Africa, but where such stratification is not legally mandated, such as Brazil and some U.S. cities, have not generated the same concern." Such movements appear to be most successful where

the society in question has adopted liberal institutions of democracy and rule of law, yet excludes some significant part of the population from participation in these institutions.

Legal equality of opportunity is at the heart of a labor mobility movement. Unequal access to labor markets is the best explanation for why 60 percent of variation in an individual's income is explained by country of birth. Current advocates for equal access of foreigners to labor markets focus on integration on migrants who are already living in the host country, ignoring those stuck in their home country. The primary narrative of a labor migration movement would be to secure access for these people to increased equality of opportunity in foreign labor markets.

Identifiable actor vs. structural issues

The final notable characteristic of issues spawning successful transnational advocacy movements are that the problem can be assigned to the deliberate (intentional) actions of identifiable individuals as opposed to problems whose causes are irredeemably structural. Sykes and Matza offer the following explanation: "As Justice Holmes has said, even a dog distinguishes between being stumbled over and being kicked, and modern society is no less careful to draw a line between injuries that are unintentional, i.e., where responsibility is lacking, and those that are intentional." Sikkink and Keck (1998) note that "the real creativity of advocacy networks has been in finding intentionalist frames within which to address some elements of structural problems."

As a fundamentally structural issue, this theme will be the most difficult for migration advocates to leverage. Some advocates have successfully innovated around more structural elements by focusing on one-time policies to facilitate improved access to foreign labor markets for migrants. These may include temporary worker programs designed around labor shortages, Global Skills Partnerships to alleviate concern around brain drain¹⁵, or the contribution of migrants to key industries (e.g. high tech in the USA, bio-tech in Germany). Policies limited to a specific corridor and issue within labor migration will both have identifiable actors and escape becoming solely a structural problem.

3.3 Activities

Sikkink and Keck identify the following types or stages of network influence: (1) issue creation and agenda setting; (2) influence on discursive positions of states and international organizations; (3) influence on institutional procedures; (4) influence on policy change in "target actors" which may be states, international organizations like the World Bank, or private actors like the Nestlé Corporation; and (5) influence on state behavior. Towards each

¹³ Milanovic, Branko (2011). The Haves and The Have Nots: A Brief and Idiosyncratic History of Global Inequality. New York, Basic Books.

¹⁴ Sykes, G. M., & Matza, D.. (1957). Techniques of Neutralization: A Theory of Delinquency. American Sociological Review, 22(6), 664–670.

¹⁵ Clemens, Michael (2014). "Global Skills Partnerships: A Proposal for Technical Training in a Mobile World." Center for Global Development. Policy Paper 040.

of these ends, their typology of tactics that networks use in their efforts at persuasion, socialization, and pressure includes "(1) information politics, or the ability to quickly and credibly generate politically usable information and move it to where it will have the most impact; (2) symbolic politics, or the ability to call upon symbols, actions, or stories that make sense of a situation for an audience that is frequently far away; (3) leverage politics, or the ability to call upon powerful actors to affect a situation where weaker members of a network are unlikely to have influence; and (4) accountability politics, or the effort to hold powerful actors to their previously stated policies or principles."

This is of course merely a cursory summary of a deep and complicated literature on which movements succeed and fail but does create at least some frame for asking how a successful advocacy movement for development friendly labor mobility might be framed.

4. A goldilocks approach: Getting to "just right"

Our final section discusses a concrete proposal for an organization supporting labor mobility, incorporating the five elements of successful advocacy we identified. The essential idea is to "bundle" the global public goods of development-friendly labor mobility advocacy with services to existing actors involved in labor mobility as a base and sustained revenue stream. The "bundle" approach has been the key to success for many successful organizations; it can provide a stable revenue model for research, evaluation and advocacy functions that are will be difficult to sustain through direct financing of governments, international organizations or philanthropists.

The World Bank's research group—which, as we saw above, has been the host of successful advocacy for "dollar a day" poverty and the Doing Business Indicators (and others)—is funded out of the operational revenues of the World Bank over which World Bank management has substantial autonomous control. How does the World Bank generate revenue? Because of the capital paid in by the shareholders and the pledges of "full faith and credit" the World Bank can borrow cheaply. It could (at least historically) then lend to developing countries at an interest rate that was well below their market rate (or marginal cost of other domestic financing) but sufficient to cover all World Bank operational costs. So both the direct analytical services to countries and the World Bank country reports like "poverty assessments" and the public goods like data and original research were not paid for on a "fee for service" basis by individual clients but were rather a bundle of services produced that were paid for by owners of paid in capital and by borrowers who, in return, controlled the organization through a Board, but allowed management substantial autonomy in choosing which activities to fund through the Bank's budget. This "bundling" provided space for the World Bank to pursue a variety of activities that, as global public goods, would have been very difficult to fund independently. The same is true of other international organizations that engage in a combination of research/training/knowledge dissemination/advocacy in their fields of expertise like the IMF, WTO, and UN agencies.

There are already substantial flows of labor across countries. The idea is that a cooperative-like organization providing services for those flows could, with the explicit agreement of the participating parties, bundle those services to create an organization that would create a committed core with stable revenue base for research/advocacy activities focused on reducing restrictions to labor mobility as an integral component of the global agenda.

4.1 Neither "too soft" or "too hard"

There are an increasing number of advocates for greater labor mobility around the world. However, nearly all of them are embedded in organizations that, for a variety of reasons, cannot strongly advocate for fewer restrictions on human mobility. This creates an advocacy environment that, as we saw above, is "too soft." The World Bank can argue for reducing the costs of sending remittances because this remains agnostic about countries' barriers to migration. The UN can argue for "safe and orderly" migration because advocacy groups want to protect migrants' rights and rich countries want secure borders, but they cannot argue for "more" or even "less restriction" (in a way that it can, and does, on restrictions to movement of goods from poor countries)¹⁶.

However, a global (or even multi-lateral) agreement or treaty-like instrument involving nation-state sovereigns signing binding commitments to greater labor mobility (e.g. Trachtman 2009) is pushing for something that is "too hard." That is, in the current political environment and structure of global cooperation we think it is politically impossible that countries like the U.S., Germany, or Japan or even high labor mobility countries like Kuwait or Singapore would make any enforceable, binding, global agreements under which persons may be present on their territory to provide labor services. The obvious recent example of the slim majority supporting the UK's withdrawal from the EU (the "Brexit") shows the dangers of "hard" commitments to labor mobility even within a single region. The principles that produce effective international cooperation and hard enforceable commitments in domains like trade (via the WTO), finance (via the IMF), or air travel (via the ICAO) do not apply to labor mobility (Pritchett 2006).

Drawing from and building on earlier work (Fanjul and Pritchett 2010), we propose an approach and organization that is "adaptive" and "pluri-lateral." We argue this approach can achieve politically feasible incremental steps today which are strategically transformational in the long-run towards a less restrictive, more just system for labor mobility.

Pluri-literalism with respect to both the types and numbers of participants seeks an "equilibrium of interests" that would make agreements meaningful and sustainable. "Pluri-lateralism" refers to both the numbers of nation-states party to potential agreements and equally importantly organizational membership status, which would not be limited to nation-

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¹⁶ The potential exception is the International Organization for Migration (IOM). This organization very recently (July 2016) became officially a "related organization" of the UN.

states but also include other groups representing migrants, overseas associations, employers, development and advocacy non-profits, etc. As we argue below, a fundamental problem with creating a positive political economy of labor mobility is that the intellectual field focuses so completely on nation-states as actors. Since the most direct and concrete benefits of mobility accrue to movers, in a nationalized world (even a nationalized "global" world of inter-national agreements or multi-national organizations) movers are, by social construction, an anomaly to an international system in which actors are conditioned to "see" like nation-states (Scott 1998). If the organization's primary participants are "nation-states" who represent "their" constituents then unlike agreements on trade, investment protection, or intellectual property (in which domestic political structures exist to represent the interests of domestic exporters, investors, or inventors), who represents the interests of the mover?

An *adaptive* approach creates a space in which different political, economic, and social actors have the chance to discuss, experiment, and move forward with mutual agreements, which are embedded into an aggregative pluri-lateral organization. In this approach, countries or other entities could join the organization by acceding to a minimal(ist) core set of standards with regards to workers' protections and rights. The organization would commit the participants to pursuing a more just and open regime for labor mobility as an aspiration, but would not attempt to prescribe what individual country or firm-level participants either must or may do (provided the above-mentioned basic rights are guaranteed).

4.2 A proposed organization

The organization would then serve three functions:

- (a) A forum for the negotiation and registration of voluntary agreements for the movement of labor among the nation-state members of whatever scope the nation-state members choose (bi-lateral, regional, open accession by a host, multi-lateral); agreements would then be *registered* with the organization.
- b) An **implementation support and dispute-resolution forum** to deal with the registered agreements.
- c) The **evaluation** of the benefits of the agreements, research into labor mobility, and the promotion of expanded development-friendly labor mobility through "achievable practice" agreements.

Negotiation forum and registry

Current, labor mobility policy reflects low levels of international coordination. Major host countries unilaterally formulate and enforce migration policies due to the feeling that they are "giving up" a valuable resource (access to their high productivity labor market) and

getting nothing in return from sending countries. However, there are two reasons why host countries may wish to engage in labor agreement negotiations: (a) to create more "orderly" flows and reduce enforcement costs by cooperating with sending countries and potential migrants to comply with agreed limits on the nature and duration of mobility, and (b) to gain legitimacy for their actions vis a vis migrants and protect against charges that the migration flows are "exploitative" or "abusive"—by making the enforcement of the provisions for the protection of migrants open and transparent and mutual with host and sending country.

A third party organization as a forum for negotiating labor mobility agreements (LMAs) can address these issues if properly designed.

First, it would act as a repository for the text of all agreements, ensuring that all were properly documented and available to the public. Not only does this increase the formality and credibility of the final agreement, but it would also build a body of achievable practice for nation-states to explore prior to negotiating future LMAs. The current lack of best practice has created huge variation in the text of LMAs. A third party organization would provide both historical examples and a standardized template to use at the outset of negotiations. Studies of international negotiations have often found that parties better succeed in reaching an agreement by starting with an informal single negotiating text (Raiffa et al. 2002). This text can significantly ease the negotiation process by bringing the initial starting points of the negotiating parties closer together, particularly when the text is credible and vetted by best practice.

Formalizing the negotiation process could also solve coordination issues by bringing all relevant parties to the table. At the most basic level, it would solve the coordination problem by convening a group of representatives of the source and host country governments with other interested parties (e.g. migrant associations, employer associations, labor brokers). A third party organization could enforce pre-negotiation consultative meetings with representatives of the private sector, training and education institutions, and migrant communities. These meetings could act as a sort of fact-finding exercise to impartially assess stakeholder interests. This exercise would provide a baseline set of facts to inform the negotiations, a technique which has proven helpful in particularly politicized negotiations (Bazerman et al. 2000).

Third (and perhaps most intangibly), an independent third party organization could solve many of the political economy issues involved in designing and implementing LMAs. For contentious and sensitive issue areas, negotiation theory often proposes involving a neutral third party to facilitate the negotiation process and create a safe space for parties to reach an agreement. A facilitator can serve as the public face of the negotiation, and as such can act as a scapegoat of sorts to provide cover to the negotiating governments when domestic parties object to the final agreement. The use of an external third-party mediator or a single negotiating text helps deemphasize purely political considerations and increase focus on technical content.

Implementation support and dispute resolution

As mentioned before, because most current migration policies are unilateral or nonbinding, they generally lack implementation or enforcement mechanisms. Often, a well-designed LMA is not followed by adequate program implementation; this, leads to not only suboptimal development outcomes, but worse, potential abuse of migrants and the erosion of the goodwill and political capital necessary to establish the LMA in the first place (Luthria 2011).

A study by the Center for Migrant Advocacy of LMAs in the Philippines found that even well-designed implementation and monitoring mechanisms often fall through (CMA 2012). The implementation and monitoring of Philippine LMAs is assigned to joint commissions; where representatives from each contracting party agree to implement and coordinate all aspects of the agreement. The joint commission is instructed to "meet on a specified period, ideally every year, to create implementing guidelines of the agreement, assess the progress and effectiveness of the labor agreements and modify the terms if deemed necessary" (CMA 2012). However, these meetings hardly ever occur in practice.

Two factors play into the lack of enforcement mechanisms. First, because LMAs are nonbinding, there is little to no incentive to adhere to them. Jolivel (2014) conducted a review of the LMA between Spain and Morocco which revealed enforcement was almost solely determined by the state of bilateral diplomatic relations. Bilateral trade agreements carry heavy penalties for violations, set out procedures to be followed in case of disagreements, and usually incorporate dispute resolution mechanisms. In contrast, LMAs rarely include provisions on contract breach or dispute resolution.

Second, many states lack the capacity to actually enforce and implement LMAs. In particular, because there is no venue for dispute resolution, states have no recourse when a LMA is violated. The World Bank's International Center for Settlement of Investment Disputes supports conciliation proceedings during dispute resolution in investment agreements; labor disputes have no similar forum. Further, because there is no implementation mechanism for LMA stipulations, representatives must discuss any issues via labor attachés and embassies in the host country, escalating the allegation of a breach in the LMA to a diplomatic incident.

By offering implementation services, the potential third-party organization would oversee the daily operations and management of migration corridors at the level of employers and employees, rather than between the host and source governments.

Services offered by a third party organization for dispute resolution and implementation would, for all of these reasons, have huge impacts on increasing the credibility of LMAs. By improving implementation mechanisms, it should improve the incentives for both source and host countries to engage in labor negotiations. For example, if host nations believe that source countries will significantly increase efforts to curb irregular migration (which rarely happens as a result of LMAs now), this would be a strong incentive to participate in a potential agreement. These incentives should address the aforementioned imbalance in the world migration system and offer opportunities for much broader collaboration when addressing labor liberalization issues.

Research and advocacy

As a central focal point and repository for information on international labor mobility, the proposed organization would be ideally situated to both identify better achievable practices for labor mobility liberalization and to convene experts and advocates on the issue. By conducting rigorous monitoring and evaluation on the LMAs designed through its services, the organization could provide information on the impact of labor mobility on source and host countries, technical aspects of facilitating labor flows, and integration techniques for migrants in their host nations.

This organization could serve as the seminal laboratory of innovation for institutional forms supporting labor liberalization, and best practices to formalize and harness labor flows. Because LMAs are currently not subjected to monitoring and evaluation, current migration flows provide relatively little information on successful institutional design and policies to best leverage the gains from labor mobility. Migration corridors defined through new LMAs under this organization can push current boundaries in identifying innovative ways to reduce barriers to mobility. While advocates continue looking for areas to broker increased migration globally, existing flows can best strengthen the case for increased labor liberalization across borders. These innovations on existing flows can unlock all of the potential gains from current migration while building the case for increased access.

The proposed organization could play a vital role in first performing the analysis to identify successful innovations, and then conducting advocacy to bring these innovations to the forefront of the discussion on labor migration. Eventually as labor flows continued to expand, the organization could expand accordingly to run pilot programs and provide technical assistance to operations.

4.3 Applying this approach to current migration flows

Next we analyze how such an organization could offer constructive solutions to current labor mobility issues around the world. In particular, we look briefly at how this organization could intercede in existing major labor flows between North Africa and Europe, South Asia and the Gulf Cooperation Council (GCC) countries, and Malaysia and Indonesia to create outcomes both promote labor mobility and addressing the concerns of both source and host countries.

GCC countries and Nepal/Bangladesh

Concerns regarding labor flows between South Asia and the GCC countries revolve around worker rights and recruitment practices. While the law that governs recruitment and placement of South Asian migrant workers is relatively robust, it is weakly implemented and enforced. Accusations of harms committed by GCC employers include contract substitution, fundamental changes in the nature or conditions of work, non-payment of wages, unsafe

work conditions, inadequate rest, inhumane housing conditions, and confiscation of identity documents. While governments have set up systems for facilitating and regulating labor migration, protection of migrant workers and regulation and oversight of private actors that send workers abroad have not kept pace with the expansion of labor migration programs.

The treatment of Nepalis contracting to work, or indeed working, abroad, has become a priority concern for Nepali policymakers. In recent years, the Nepali government has taken numerous steps to strengthen the foreign employment system, including passing a new comprehensive labor migration law in 2007, adopting a foreign employment policy in 2012, signing bilateral agreements with select destination countries, and developing directives intended to protect migrant workers.

The harms migrant workers experience in the Gulf have been the subject of increasing media attention, especially the experiences of Nepali construction workers in Qatar. In particular, this has become a crucial issue in the build-up to the 2022 FIFA World Cup in Qatar. The International Trade Union Confederation estimates that 1,200 migrant construction workers have died building stadiums since 2010, and anticipates 4,000 more deaths before the actual World Cup in 2022. Following the release of these estimates, both the ILO and FIFA issued statements that they would work for "permanent improvements in the situation of migrant workers in Qatar." The organizations then called on Qatar to ratify all the ILO core labor standards and accept objective verification.

However, even with this increasing pressure, in 2014, the GCC states reneged on commitments to implement a unified standard contract for domestic workers. This reluctance to "keep explicit provisions" on the part of the GCC states has hampered agreements with major source countries, including India and Nepal. Increasingly, this same reluctance to commit to some basic level of worker protections causes credibility and legitimacy problems for GCC states in the international arena. By mediating an agreement between GCC hosting countries and South Asian source countries (particularly in advance of the 2022 World Cup), a third party organization could address these credibility concerns while enforcing minimum protections for migrant works in the GCC.

Australia and Indonesia

Australia and Indonesia have a unique relationship as Indonesia is primarily a transit country for irregular migrants to Australia. As such, irregular migrants in Australia are first irregular migrants in Indonesia as a stopping point as they try to reach Australian shores and claim asylum. More than 50,000 mostly Middle Eastern migrants have arrived in Australian waters by boat from Indonesia in the past five years after paying smugglers.

This dynamic affects the Indonesia-Australia relationship in two ways. First, Australia is concerned that Indonesia is not actively attempting to combat the flow of irregular migration. Migrants surveyed in Indonesia indicated that 93.2 percent of those who deliberately entered Indonesia illegally did not encounter any border control or immigration authorities. Second, there is a thriving smuggling industry in Indonesia, crucial for arranging

the journey to Australia. Almost two thirds of respondents (64.7 percent) made arrangements for the journey to Australia while transiting in Indonesia.

From the Indonesian perspective, the country is burdened by thousands of stranded refugees due to Australia's increased policy of deterrence. Indonesia currently detains approximately 2,000 migrants and asylum seekers in 13 immigration detention centers (IDCs) around the country. Indonesian officials express worry that Australia's stopping of migrant boats could strand an estimated 10,000 foreigners waiting for passage, creating domestic difficulties. Manuel Jordao, a UNHCR representative in Indonesia, noted that "Australia's policy of deterrence has been successful so far in that their arrivals numbers are down... But deterrence is not a sustainable solution." He argued that "as long as the countries of origin continue to produce refugees, and they continue to choose Southeast Asia as a destination, the burden will remain in Indonesia and the rest of the region. What we need is a regional solution."

Creating a regional solution would require significantly more coordination, which could most likely only be accomplished with a third party external mediator. Creating a sustainable solution to such a large flow of irregular migrants would require high levels of cooperation among several actors. In this particular instance, a solution would likely require uniting not only Indonesia and Australia, but also source countries (including Pakistan, Iraq, and Afghanistan) and other countries capable of accepting refugees (Canada, New Zealand, the U.K., etc.). This proposed organization would have a far greater probability of success in navigating the very murky waters of such a negotiation than any existing international actor.

Europe and the Middle East/North Africa (MENA)

The main concern in relations between European and MENA countries is the large flow of refugees and irregular migrants across the Mediterranean. 2013 saw 40,000 asylum seekers arrive from North Africa, mainly in Italy (Frontex 2013). At 25,500, Syrians represented the highest number of irregular border-crossings into the EU for 2013; their detections at the EU border tripled between 2012 and 2013, presumably as a result of the dire situation at home.

While irregular migration is a concern for European countries, the hazards migrants face on the journey to Europe pose a concern for source countries. While the Mediterranean crossing claims many lives every year, 2015 already stands out as the deadliest year on record. IOM's Missing Migrants Project estimates that between January 1st and June 17th 2015, 1,868 migrants died crossing the Mediterranean. Between April 10th and April 16th alone, the Italian Coast Guard and Navy rescued approximately 10,000 migrants off Italian shores; while laudable, this represents an enormous burden on the Italian government, especially as it is acting unilaterally.

As a result of both of these concerns, immigration ranks high on the European Union's agenda. The dynamics can be seen quite clearly in the EU's relationship with Morocco, where the issue of Morocco readmitting unauthorized migrants is a pressing yet unresolved issue. In June 2013, Morocco and nine EU Member States signed a mobility partnership, which established political objectives for more efficient migration "management." However,

as is often the case, rather than being a binding agreement, mutual intent was merely declared to enter negotiations in which the issuance of visas for Moroccan students and high-skilled migrants would be exchanged for Moroccan collaboration in the readmission of unauthorized migrants.

However, because the agreement is nonbinding, it remains tentative at best. Surges in the number of irregular crossings from Morocco to Spain during key strategic times have led Spanish analysts to contend that the volume of illegal crossings is orchestrated by Morocco. Haizam Amirah-Fernández, senior analyst for Mediterranean and Arab issues at the Elcano Royal Institute in Madrid, noted that migration controls have "been used by Morocco to show dissatisfaction with Spain, or because it was not getting something it wanted."

A third party organization could therefore be instrumental in designing an agreement between the EU and North African countries, exchanging increased visas for North African citizens and increased protection for refugees for true cooperation from North African countries on irregular migration. By providing a forum for dispute resolution (and therefore recourse if either parties failed to keep their side of the agreement), it could also ensure that the agreement was not only binding on paper but in practice, which should be a strong incentive for both parties to come to the table.

4.4 Revenue model

By charging fees for the first two activities (negotiation forum/registry and implementation support/dispute settlement), this organization would be well positioned to provide research and advocacy as a public good. As true "public goods" (both non-excludable and non-rival) research and advocacy are notoriously difficult to finance. However, if the fees charged for negotiations and dispute settlement were modestly above cost, this margin could be reinvested in these crucial activities to develop deeper knowledge on the impacts of migration and to disseminate best practice via relentless advocacy.

The financial viability of this model is supported by looking at the value of key migration corridors. For this exercise we have calculated this value as the wage differential between the source and host countries and multiplied it by the number of source country migrants in the host country. This simple calculation roughly approximates the gain in wages from migration in that corridor due to the gains in productivity to be realized across the two countries. Table 5 estimates values for five key corridors, which alone have total estimated annual wage gains of \$26 billion. Suppose the bilateral partners agreed to charge those involved in these flows (which could be either employers directly or labor recruiters and brokers) a small surcharge to fund the labor mobility activities described above. If this surcharge were only 1 percent of the total corridor value and only these five bilateral partners participated, one could create an international organization with a budget of \$262 million. Suppose ten percent of that were directed to research, evaluation and advocacy that would provide 26 million dollars for these public goods.

Table 5: Even small contributions of total value could product a sufficient budget for the proposed organization **Estimated Estimated** Annual gain 0.1% of Value 1% of value (in annual Corridor number of from mobility wage gain US\$) (in US\$) movers to movers per worker Mexico-US 1,160,0001 10,0002 11,600,000,000 116,000,000 11,600,000 $2,500,000^3$ 4,0004 10,000,000,000 100,000,000 10,000,000 Bangladesh-KSA Sri Lanka-UAE 300,0005 4,0006 1,200,000,000 12,000,000 1,200,000 Morocco-Germany 127,0007 10,0008 1,270,000,000 12,700,000 1,270,000 Malaysia-Australia 135,6009 15,92410 2,159,294,400 21,592,944 2,159,294.4 **Total** 26,229,294,400 262,292,944 26,229,294

Sources: Authors' Calculations based on data from sources below

Even a miniscule fraction of the value of just these five corridors would be sufficient to supply a decent operating budget for the organization. A 1 percent surcharge on the wage bill of workers would create a budget of US\$262 million.

Even allowing only a small share of the budget to flow to research and advocacy would supply a solid base. Benchmarking against leading research and advocacy organizations the expenses of prominent think tanks in the DC area range from \$13.5 million for the Peterson Institute to \$99.5 million for the Brookings Institute. Given the initial scale of operations, somewhere between the Center for Global Development's \$14.5 million and American Enterprise Institute's \$35.5 million would be a generous budget for research and advocacy, with the rest of the contribution covering services and administrative costs. Importantly, this figure is based on the very modest assumption that only 5 corridors are founding partners and the total devoted to research and advocacy is only one tenth of one percent of the value of the respect migration flows.

¹ 2013 American Community Survey.

² Weyl 2014.

³ Averaged estimate.

⁴ Weyl 2014.

⁵ Abdul Kade 2014, Website of Sri Lanka Embassy in UAE.

⁶ Weyl 2014.

⁷ Moroccan citizens; Statistisches Bundesamt 2009.

⁸ Weyl 2014.

⁹ Australia Bureau of Statistics 2010.

¹⁰ McKenzie, Theoharides, and Yang 2014.

Table 6: One tenth of a 1 percent contribution of corridor value of wage gains easily matches the budget of prominent existing think tanks Total Expenses Organization **Brookings** 99,568,985 Urban Institute 77,587,409 World Resources Institute 65,763,955 American Enterprise Institute 35,435,906 Center for Global Development 14,621,307 Peterson Institute for International 13,654,540

Sources: Figures from each organization's most recent IRS form 990, obtained from the Foundation Center

Economics

This model of using service and administrative fees to subsidize research and advocacy costs is quite standard in the intergovernmental organization and non-profit world. The most prominent example is the financial model of the World Bank, which for FY14 had a total budget of \$2.5 billion and an operational budget of \$1.5 billion. Of the latter, \$50.9 million (or 3.5 percent) went towards the Development Economics Vice Presidency (DEC), the principal research unit of the World Bank. DEC's research, unlike operational departments, is not tied to demand from clients as it is treated as a global public good.

This model is also replicated across many sectors and issue areas requiring international cooperation and public goods. The International Air Transport Association (IATA), the trade association for the world's airlines, represents some 250 airlines or 84 percent of total air traffic. Its mission is "to be the force for value creation and innovation driving a safe, secure and profitable air transport industry that sustainably connects and enriches our world." The air transport industry by nature inherently requires a significant amount of cooperation across borders. Toward this end, IATA offers public goods in the form of international aviation policy reporting, market outlook, and industry manuals, as well as advocacy for better and more coordinated public policy within the field. It subsidizes these activities via margins on fees charged for other services, including accreditations, data management services, business intelligence and statistics, consulting and financial services, and training courses.

Similarly, the International Chamber of Commerce (ICC) has hundreds of thousands of member companies from over 180 countries and various sectors, and is charged with coordinating and promoting business interests across borders. Toward this end, it has three main activities: rule setting, dispute resolution, and policy advocacy. Rule setting is a crucial service, as the rules governing the conduct of business across borders are voluntary and

require the authority of such an international body. Similarly, dispute resolution services are crucial to making these rules and agreements credible. The ICC leverages these two needs of the international business community to financially support policy advocacy and research. ICC's main revenue source is fees paid for services, including dispute arbitration and resolution, mediation, fraud and anti-trust investigations, and trade tools. These fees then subsidize ICC's advocacy initiatives, which include Business Action for Responsible Marketing and Advertising (BARMA), Business Action to Stop Counterfeiting and Piracy (BASCAP), and the ICC Research Foundation, all of which provide public goods in the form of research and advocacy within the international business community.

Conclusion

Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.

-Margaret Mead

The era of greater labor mobility and freer movement of persons across national borders is a time whose idea has not yet come. The reality is that labor mobility is happening, is massively beneficial, and will continue to grow. The premise of allowing increased mobility through the freer movement of persons across national borders has struggled to gain traction because it is an uphill battle against seemingly entrenched ideas. Yet many other social institutions—slavery and monarchy for instance—persisted, often for thousands of years, and then disappeared in the historical blink of an eye. What often seems inevitable in retrospect seems impossibly far-fetched in prospect. An organization that permits a committed core—even if only a small group—to work as the center of a network that creates a coalition might be able to bring about change.

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