The United Nations University

WIDER

World Institute for Development Economics Research

Working Papers No. 194

August 2000

Cross-Border Movements of People

Deepak Nayyar

UNU World Institute for
Development Economics Research
(UNU/WIDER)

Working Papers No. 194

Cross-Border Movements of People

Deepak Nayyar

August 2000

This study has been prepared within the UNU/WIDER project on New Roles and Functions for the United Nations and the Bretton Woods Institutions, which is directed by Professor Deepak Nayyar.

UNU/WIDER gratefully acknowledges the financial contributions to the project by the Ministry for Foreign Affairs of Finland and the United Nations, Department of Economic and Social Affairs, Division for Social Policy and Development.

Professor Nayyar is Vice-Chancellor of the University of Delhi.

UNU World Institute for Development Economics Research (UNU/WIDER) was established by the United Nations University as its first research and training centre and started work in Helsinki, Finland in 1985. The purpose of the Institute is to undertake applied research and policy analysis on structural changes affecting the developing and transitional economies, to provide a forum for the advocacy of policies leading to robust, equitable and environmentally sustainable growth, and to promote capacity strengthening and training in the field of economic and social policy making. Its work is carried out by staff researchers and visiting scholars in Helsinki and through networks of collaborating scholars and institutions around the world.

UNU World Institute for Development Economics Research (UNU/WIDER)
Katajanokanlaituri 6 B
00160 Helsinki, Finland

Camera-ready typescript prepared by Liisa Roponen at UNU/WIDER
Printed at Pikapaino Paatelainen Oy, Helsinki

ISSN 0782-8233
ISBN 952-455-005-9 (printed publication)
ISBN 952-455-006-7 (internet publication)

CONTENTS

ABSTRACT

This paper sketches a profile of international labour migration over the past fifty years and draws a distinction between different categories of labour flows in the contemporary world economy. It examines the underlying factors with an emphasis on structural determinants at a macrolevel. It explains why the gathering momentum of globalization has coincided with a discernible slowdown in migration during the last quarter of twentieth century, to analyse how globalization might influence emigration pressures on the supply side and immigration needs on the demand side. It argues that globalization has set in motion forces which are creating a demand for labour mobility across borders, as also developing institutions on the supply side to meet this demand. The future prospects are also bound to be shaped by demographic change and population imbalances, arising in particular from the ageing of industrial societies. In conclusion, the paper suggests that the time has come to reflect upon the necessity of formulating international rules or creating international institutions for the governance of cross-border movements of people.

I INTRODUCTION

The movement of people across national boundaries, which began a long time ago, is a matter of interest and an issue of concern as the twentieth century draws to a close. 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, almost neglected, theme in the extensive literature on the world economy. The object of this paper is to focus on cross-border movements of people so as to outline the contours, examine the underlying factors, analyse the implications of globalization, explore the future prospects, and consider issues and problems of governance.

The structure of the paper is as follows. Section 2 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. It also draws a distinction between different categories of labour flows in the contemporary world economy. Section 3 examines the underlying factors with an emphasis on structural determinants at a macrolevel. Section 4 attempts to explain why the gathering momentum of globalization has coincided with a discernible slowdown in migration during the last quarter of the twentieth century, to analyse how globalization might influence emigration pressures on the supply side and immigration needs on the demand side. Section 5 explores the future prospects of labour flows in the context of the forces set in motion by the process of globalization and the nature of demographic change. Section 6 reflects upon the necessity of formulating international rules or creating international institutions for the governance of cross-border movements of people.

II A HISTORICAL PERSPECTIVE

International migration goes back a long time. Indeed, the migration of people is as old as humankind. And migration across borders and oceans is at least as old as nation-states. There were, of course, invaders and conquerors such as the Mongols, the Romans and the Crusaders. There were also adventurers and merchants. Migration, however, is different, for it is associated with the movement of people from countries where there is a labour surplus to countries where there is a labour shortage. Even such movement, which constituted the beginnings of an international labour market, started almost five centuries ago. It would thus be worthwhile to situate the labour flows associated with international migration in historical perspective.

It began, in a substantive sense, with slavery. The slave trade started in the mid-sixteenth century. The markets for slaves developed along the African coastline from Senegal in the north to Angola in the south. Britain, Portugal and France were the main countries involved. This trade in slaves continued until the early nineteenth century when it was brought to an end. It is believed that, over two centuries, more than 15 million people were taken from Africa to Europe, North America and the Caribbean, to work in households and on plantations. The slave trade was the largest, enforced, mass migration of labour in human history. Slavery was ultimately abolished in the British Empire in 1833 and in the United States of America in 1865.

The abolition of slavery in the British Empire was followed by the movement of indentured labour, which was yet another form of servitude. Starting around the mid-1830s, for a period of fifty years, about 50 million people left India and China to work as indentured labour on mines, plantations and construction in the Americas, the Caribbean, Southern Africa, South East Asia and other distant lands.[1] This was probably close to 10 per cent of the total population of India and China *circa* 1880. The destinations were mostly British, Dutch, French and German colonies. But the United States was another important destination where indentured labour also came from Japan.

There was some movement of people from Europe during these periods of slavery and indentured labour. English convicts were deported to Australia. People from Portugal and Spain moved to South America, while people from England, Holland and France moved to North America. Most of them, however, were adventurers or refugees rather than migrants. The real exodus from Europe came later. Between 1870 and 1914, international labour migration was enormous. During this period, more than 50 million people left Europe, of whom two-thirds went to the United States while the remaining one-third went to Canada, Australia, New Zealand, South Africa, Argentina and Brazil.[2] These people were essentially labour displaced from the agricultural sector who could not find industrial employment. The migration was, in effect, driven by the push of land-scarce Europe and the pull of land-abundant Americas as also other new lands with temperate climates that attracted white settlers. This mass emigration from Europe amounted to one-eighth its total population in 1900. For some countries such as Britain, Italy, Spain and Portugal, such migration constituted as much as 20 to 40 per cent of their population.[3]

International labour movements on this massive scale came to an end with the First World War. In the period from 1919 to 1939, migration continued but at much lower levels as immigration laws were put in place and passports came to be needed. In Europe, to begin with, passport controls were introduced to prevent the enemy from entering national territory but, soon thereafter, immigration controls were also shaped by labour market interests. In the United States, however, restrictive immigration laws were the outcome of a combination of economic, social and political factors, which had been in the making for more than two decades. The timing may have been determined by short-term influences such as an economic downturn, a war, or a rash of labour unrest.[4] The great depression of the 1930s further dampened migration flows as unemployment levels rose sharply everywhere in the industrialized world. The end of the Second World War led to a massive movement of people within Europe, an estimated 15 million, most of whom were refugees seeking to settle. But the aftermath of the war also witnessed emigration on a significant scale from Europe to the United States and Latin America.

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 1950 to 1970, the total immigration was almost 6 million into the United States and 3 million into Canada.[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-scare 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 1950 to 1970, was about 10 million.[6]

During the second phase, from the early 1970s to the late 1990s, migration to Europe almost came to a stop. 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.[7] But there were, once again, 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 and, on a smaller scale, to Canada. 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.[8] And, in the period from 1970 to 1995, total immigration into the United States was 17 million while total immigration into Canada was about 4 million.[9] Second, there was a temporary migration of people from labour-surplus developing countries, mostly unskilled workers and semiskilled 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. Some went to the middle-income newly industrializing countries, which attained near full employment. 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-colonization 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 is on an altogether different scale. The geographical spread is far greater. The reasons are many more. And the number of people affected is much larger. The reasons have ranged from the internationalization of liberation struggles, civil wars, ethnic strife, religious violence, political persecution and xenophobic nationalism to famines and natural disasters. The geographical spread has ranged from Angola, Mozambique, Ethiopia, Sudan and Somalia through Afghanistan, Cambodia and Laos to Central America and, most recently, former Yugoslavia. It is estimated that the number of people seeking asylum has gone up from about 30,000 per annum in the early 1970s to more than 800,000 per annum in the early 1990s.[10] And, over this period, the worldwide population of refugees, driven from their homes by natural disasters or the search for political asylum, rose from 8 million to 20 million.[11]

It is clear that international labour migration during the past fifty years has been at relatively modest levels compared with the past. And, in sharp contrast with the earlier magnitudes, it has slowed down during the last quarter of the twentieth century. But the dimensions remain significant. There are, however, different forms of labour flows across national boundaries.[12] Thus, new distinctions can be drawn between voluntary migration and distress migration, permanent emigration and temporary migration or legal migration and illegal migration. In the contemporary world economy, it is then 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 immigrants 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.[13] And there are now some in Malaysia and Singapore. But they are also to be found in Western Europe. This category includes seasonal workers employed in agriculture or tourism, particularly in the United States and Canada.[14] *Illegal immigrants* 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 3 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 immigrants who benefit from amnesties, which come from time to time, attain a 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.

III THE UNDERLYING FACTORS

The available literature on the economics of international labour migration is rich in terms of microtheoretic analysis but somewhat sparse in terms of macroeconomic 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 emphasize 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] For movements of people are also shaped and influenced by structural determinants at a macrolevel. 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 macrolevel.

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-à-vis the world outside. In some economies, rapid industrialization and sustained growth, which create 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 as a determinant of international migration, just as it is for rural-urban migration within countries. 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. Clearly, labour markets are segmented. The push-factor is dominant in some while the pull-factor is dominant in others.

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 economize 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 recognized 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 semiskilled labour for employment in the agricultural sector or the services sector. In general, whenever such labour shortages surface, countries begin to import unskilled or semiskilled 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 immigrants 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 macrolevel. The most important among them, of course, are 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-à-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 macrolevel 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.[24] 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.[25] 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 provide examples.[26] 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.[27]

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 can be explained, in part, by economic factors where government intervention seeks to pre-empt the possible adverse effect of immigration on employment and wages, particularly for unskilled or semiskilled workers. But non-economic factors in the realm of polity and society also shape attitudes and policies in the sphere of immigration. These barriers to entry, irrespective of the underlying reasons, constrain market driven movements of people across borders so 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.

The preceding discussion in this section has sought to focus on the determinants of cross-border movements of people. There are, of course, important consequences of migration across national boundaries, with benefits and costs for the migrant at a microlevel as also for the country of origin and for the country of destination at a macrolevel. The distribution of benefits and costs between individuals and economies raises one set of issues. The divergence between private and social benefits or costs raises another set of issues. The movement of educated people with professional expertise, technical qualifications or managerial talents, from developing countries to industrialized countries, raises the entire range of issues, which are analysed at some length in the literature on the brain drain. Such cross-border movements may have significant implications for development in the changed context of globalization. But it would mean too much of a digression to enter into a discussion about the economic consequences of international migration, which is a subject in itself and beyond the scope of this paper.[28]

IV 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 globalization from 1870 to 1914. In many ways, the world economy in the late twentieth century resembles the world economy in the late nineteenth century.[29] 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. Immigrants were granted citizenship with ease. And international labour migration was enormous then. 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. Indeed, despite the immigration laws and the consular practices, the average inflows of foreign population into the industrialized world were 3 million people per annum during the first half of the 1990s.[30] The inflows of foreign population into the developing world were probably at least as large. The latter came entirely from developing countries, whereas two-thirds the former originated in developing countries. In the mid-1990s, worldwide migrants' remittances were in the range of $ 75 billion per annum. Of these, remittances to developing countries were about $ 45 billion per annum, compared with inflows of foreign direct investment at $ 100 billion per annum and foreign portfolio investment at $ 63 billion per annum.[31]

These magnitudes are significant, but are no match for the other manifestations of globalization. The share of world exports in world GDP, for example, rose from one-eighth in the early 1970s to almost one-fifth in the late 1990s, just as the stock of direct foreign investment in the world economy as a proportion of world output rose from less than 5 per cent in 1980 to more than 10 per cent in 1996.[32] Although comparable evidence is not available, it is clear that international migration lagged far behind international trade and international investment in the process of globalization. In fact, the number of new immigrants per 1,000 inhabitants in the world as a whole in 1990 was lower than it was in 1970.[33] It is clear that the spread of globalization and its gathering momentum during the last quarter of the twentieth century have not led to any substantial increase in cross-border movements of people. Migration is more intraregional than interregional. And there is no globalization of labour. This is neither an accident nor a coincidence. It is the outcome of the ideology, the interests and the institutions associated with the process of globalization.

Ideology: Recent years have witnessed the formulation of an intellectual rationale for globalization that is almost prescriptive. It is perceived as a means of ensuring not only efficiency and equity but also growth and development in the world economy. The analytical foundations of this belief are provided by the neoliberal model. Orthodox neoclassical economics suggest that intervention in markets is inefficient. Neoliberal political economy argues that governments are incapable of intervening efficiently. In conformity with this world view, governments everywhere, particularly in the developing countries and the former communist countries, are being urged or pushed into a comprehensive agenda of privatization (to minimize the role of the state) and liberalization (of trade flows, capital flows and financial flows). It is suggested that such policy regimes would provide the foundations for a global economic system characterized by free trade, unrestricted capital mobility, open markets and harmonized institutions. And the ideologues believe that such globalization promises economic prosperity for countries that join the system and economic deprivation for countries that do not.[34] This normative and prescriptive view of globalization is not validated by either theory or history. Nor is it borne out by development experience.[35] The dominant conception of globalization, which has become a 'virtual ideology' in our times does not consider international migration as necessary, conducive or beneficial. It is based on the belief that the liberalization of trade flows and capital flows is a substitute for labour flows. Indeed, the present phase of globalization seeks to substitute for labour mobility in the form of trade flows and investment flows. For one, industrialized countries now import manufactured goods that embody scarce labour. For another, industrialized countries export capital, which employs scarce labour abroad to provide such goods.

Interests: The ideology is not abstract. It reflects economic, political and social interests of the industrialized world. In the economic sphere, it is argued that the high level of unemployment among unskilled and semiskilled workers, as also the stagnation or decline in their real wages, in the industrialized countries is already attributable to the import of goods and the export of capital to developing countries.[36] Such arguments are obviously exaggerated and have been treated with scepticism by most economists. In refuting such arguments, it is important to recognize that the stagnation in real wages and the high level of unemployment in the industrialized countries are attributable to the nature of technical progress, which is replacing several unskilled workers with a few skilled workers, and the impact of macroeconomic policies, which have sought to maintain price stability at the expense of full employment. Yet, political considerations overrule economic reasons. And populist politics finds it convenient to blame trade with the developing world for problems of unemployment, particularly among unskilled workers, in the industrialized countries. In this milieu, where an engagement with globalization even in terms of trade and investment is a cause for concern, a freer movement of labour is a far cry. What is more, attitudes towards immigration in the industrialized world are also shaped in the political and social spheres. It is feared that more immigration can only erode the political hegemony of the native population, just as it is believed that more immigration would undermine social cohesion and cultural solidarity. There are, in addition, perceptions, which may be objectively false but are exploited by xenophobic politicians, that immigrants have displaced citizens from jobs or become a burden in terms of social security expenditures.

Institutions: Immigration laws impose explicit restrictions, while consular practices constitute implicit curbs, on the cross-border movement of people. But that is not all. The interests of the industrialized countries are also sought to be protected through institutions and rules. The multilateral framework of the WTO is perhaps the most important medium. The new international regime of discipline provides for a progressive dismantling of barriers to international trade in goods. This is associated with a strict regime for the protection of intellectual property rights. The agreement on trade in services also caters to the interests of rich countries, which have a revealed comparative advantage in capital-intensive or technology-intensive services, but makes little allowance for labour-intensive services in which poor countries have a potential comparative advantage. There is now an attempt to create a multilateral agreement on investment in the WTO, which seeks free access and national treatment for foreign investors, combined with provisions to enforce commitments and obligations to foreign investors. It would seem that the institutional framework for globalization is characterized by a striking asymmetry. National boundaries should not matter for trade flows and capital flows but should be clearly demarcated for technology flows and labour flows. It follows that the developing countries would provide access to their markets without a corresponding access to technology and would accept capital mobility without a corresponding provision for labour mobility. This asymmetry, particularly that between the free movement of capital and the unfree movement of labour across national boundaries, lies at the heart of inequality in the rules of the game for globalization in the late twentieth century.[37]

It is clear that in the sphere of international labour movements actual outcomes are not shaped by economic factors alone. Yet, we must also recognize that the process of globalization is driven by economic forces in the market, whether the lure of profit or the threat of competition. Thus, it is worth reflecting on the implications and consequences of globalization for the prospects of migration across borders, by analysing emigration pressures on the supply side and the need for labour imports on the demand side.

4.1 Emigration pressures: the supply side

The process of globalization is bound to exercise a significant influence on the push-factors underlying international migration. It would decrease emigration pressures if it leads to a convergence of levels of income between the industrialized countries and the developing countries. But it would increase emigration pressures if it leads to a divergence in levels of income between the industrialized countries and the developing countries. Similarly, it would decrease emigration pressures if it leads to a reduction in poverty, an expansion of employment opportunities and an improvement in the quality of life for people in developing countries. But it would increase emigration pressures if it leads to rising poverty, growing inequality, worsening employment prospects and a deterioration in the quality of life of people in developing countries. It is difficult to provide conclusive evidence. For some, the verdict may not be clear as the experience with globalization is not long enough. For others, it may be difficult to attribute cause and effect. In my judgement, however, development experience over the past twenty-five years, which could be termed *the age of globalization*, provides cause for concern.

Available evidence suggests that the past twenty-five years have witnessed a divergence, rather than convergence, in levels of income, between countries and between people. Economic inequalities have increased during the last quarter of a century as the income gap between rich and poor countries, between rich and poor people within countries, as also between the rich and the poor in the world's population, has widened.[38] And income distribution has worsened. The incidence of poverty increased in most countries of Latin America and Sub-Saharan Africa during the 1980s and in much of Eastern Europe during the 1990s. Some countries in East Asia, Southeast Asia and South Asia, which experienced a steady decline in the incidence of poverty, constitute the exception. However, the recent financial meltdown and economic crisis in Southeast Asia has led to a marked deterioration in the situation. There are, also, some other features of recent development experience in the wake of economic liberalization, which are a cause for concern in most developing countries, as also in the erstwhile socialist economies.[39] Inequality in terms of wages and incomes has registered an increase. Employment creation in the organized sector continues to lag behind the growth in the labour force, so that an increasing proportion of workers are dependent upon low productivity and insecure casual employment in the informal sector. The competition for export markets and foreign investment has intensified, so that there is some deterioration of labour standards in what is termed a 'race to the bottom'. There is little progress in creating social safety nets or social protection systems, which are now more necessary than earlier, because the openness, interdependence and integration associated with globalization have created new forms of vulnerability for economies in general and for poorer segments of their population in particular. It is obviously not possible to attribute cause-and-effect simply to coincidence in time. But there are several mechanisms through which globalization may have accentuated inequalities.[40]

Globalization has created opportunities for some people, regions and countries that were not even dreamed of three decades ago. But it has also introduced new risks, if not threats, for many others. It has been associated with a deepening of poverty and an accentuation of inequalities. There are some winners: more in the industrialized world than in the developing world. There are many losers: numerous both in the industrialized world and in the developing world. It is, perhaps, necessary to identify, in broad categories, the winners and the losers.[41] If we think of people, asset-owners, profit-earners, rentiers, the educated, the mobile and those with professional, managerial or technical skills are the winners, whereas assetless, wage-earners, debtors, the uneducated, the immobile and the semiskilled or the unskilled are the losers. If we think of firms, large, international, global, risk-takers and technology-leaders are the winners, whereas small, domestic, local, risk-averse and technology-followers are the losers. If we think of economies, capital-exporters, technology-exporters, net lenders, those with a strong physical and human infrastructure, and those endowed with structural flexibilities are the winners, whereas capital-importers, technology-importers, net borrowers, those with a weak physical and human infrastructure, and those characterized by structural rigidities are the losers. It needs to be said that this classification is suggestive rather than definitive, for it paints a broad-brush picture of a more nuanced situation. But it does convey the simultaneous inclusion and exclusion that characterize the process of globalization. In a world of inclusion and exclusion, the excluded do not simply suffer in silence. They seek shortcuts to the consumerist paradise through crime or violence. Sometimes, this also leads to reaction or backlash as ethnic identities or cultural chauvinism assert themselves. Such assertion of traditional or indigenous values is often the only thing that poor people can assert, for it brings an identity, continuity and meaning to their lives. In some instances, then, global integration can provoke national disintegration as ethnic, cultural or religious passions fragment society. Distress migration in the form of refugees and asylum seekers is a possible outcome. Similarly, in a world of winners and losers, the losers do not simply disappear. They seek somewhere else to go. In view of these realities and possibilities, it would be reasonable to infer that globalization is not likely to reduce emigration pressures on the supply side. It may even accentuate them.

4.2 Labour imports: the demand side

Given the nature of ideology, interests and institutions in the industrialized world, it should come as no surprise that globalization has not, in general, stimulated the demand for labour imports. In fact, the reality that has unfolded could have led to the opposite. The period from the early 1970s to the late 1990s, *the age of globalization,* has witnessed a profound change in the economies of the major industrialized countries. The Keynesian consensus has vanished. So has full employment. The rise of monetarism has meant that macroeconomic policies have sought to maintain price stability at the expense of full employment. Thus, unemployment in the industrialized countries has increased substantially since the early 1970s and remained at high levels since then, except in the United States, while there has been almost no increase in the real wages of a significant proportion of the workforce in many parts of the industrialized world. Inequalities, in terms of wages and incomes, have registered an increase almost everywhere. Over the same period, the rate of growth of output in these economies has slowed down. Under normal circumstances, this change should have shut out labour imports altogether.[42] But it has not. The reason is that there are unpleasant or menial jobs, particularly in the agricultural sector and the services sector, which nationals or citizens are not willing to do. And, the existence of social security means that they can afford this luxury even in a situation of unemployment. It is because of this that the demand for guest workers and illegal immigrants continues, albeit at modest levels, despite high unemployment in the industrialized world. Such migration will continue until technical progress does away with such jobs or employers improve the working conditions in such jobs. A return to full employment could, of course, revive the demand for labour imports on a modest scale. But there is another crucial factor that could revive the demand for labour imports in the industrialized countries on a significant scale. The ageing of the population in these countries, which is a consequence of increased life expectancy and near zero population growth, carries an enormous potential for immigration needs on the demand side.

The demand for labour, which may reinforce the pull-factor underlying international migration, is not confined to the major industrialized countries, essentially the United States, Canada and Western Europe, which have been the prime destinations for permanent emigration until now. There is, of course, Japan, where immigration has been limited so far to overseas Japanese who went to Latin America as migrants a century earlier, but the import of labour in the form of illegal immigrants is large. In addition, there are two sets of countries in the developing world, which would continue to be, or emerge as, destinations for migrants from poor surplus-labour economies. For one, there are the labour-scarce, high-income, oil-exporting countries in the Middle East which are characterized by significant labour shortages, insufficient skills among some segments of the local population and a wide range of unwanted jobs which nationals are simply unwilling to do. For another, there are the newly industrializing, middle-income countries in East and Southeast Asia, such as Korea, Hong Kong, Taiwan, Singapore, Malaysia and, to a limited extent, even Thailand, which are increasingly labour-scarce at the lower end of the spectrum of skills. This demand for labour imports is met in small part through temporary migrants who are guest workers but in much larger part through illegal immigrants.[43] The latter is possible because there is collusion on the part of employers who pay much lower wages to such workers and because governments conveniently turn a blind eye as such migrants do not have to be provided with any social security benefits. In the short term, this process may slow down because of the recent financial crisis in these Asian economies but, in the long term, the demand for labour imports will revive and grow. Of course, most of these countries will be characterized by simultaneous imports of unskilled or semiskilled workers and exports of highly skilled persons with technical or professional qualifications.

V LABOUR FLOWS: FUTURE PROSPECTS

There are both push-factors and pull-factors underlying international migration. The discussion in the preceding section analysed how globalization might or might not influence these factors. This is necessary but not sufficient, for 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. Communication between people across countries is also much easier and far cheaper. In 1990, air transport costs per passenger mile were less than one-half of what they were in 1960 and not even one-sixth of what they were in 1930. Similarly, in 1990, international phone charges were less than one-tenth of what they were in 1970. The price of computers in 1990 was just about one-twentieth of what it was in 1970.[44] 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 immigrants. The advent of 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 immigrants, 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. Consequently, transaction costs are probably lower. These market institutions are reinforced by social networks of migrants 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. And so is the power of television as a medium. For one, it has led to the global spread of cultural impulses. The culture of the young in metropolitan cities everywhere—north or south, east or west—is globalized: jeans, T-shirts, sneakers, jogging, fast-foods, pop music, Hollywood movies, satellite TV and so on. Consumerism is global. Even corruption has 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 institutionalizing 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* is worldwide. In the past, they moved goods, services, technology, capital and finance across national boundaries. Increasingly, however, they have also become transnational employers of people.[45] They place expatriate managers in industrialized and developing host countries. They 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 specializing 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 systems of the major industrialized countries, in particular the United States, is large and more than two-thirds simply stay on.[46] 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 are, 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. 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.

The process of globalization may, thus, influence cross-border movements of people in the world economy. But the prospects for labour flows in the first quarter of the twenty-first century are also bound to be shaped by demographic change and population imbalances. 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.[47] 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 immigrants. 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 immigrants, 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.

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. As we enter the twenty-first century, this process may be reinforced by demographic change. The ageing of the population in the industrialized countries, which is a consequence of increased life expectancy and zero population growth, carries an enormous potential for reviving labour flows across national boundaries. 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.

VI ISSUES, PROBLEMS AND GOVERNANCE

There are hardly any international rules or international institutions that govern cross-border movements of people. The solitary exception, perhaps, is the UNHCR. Its statutes, which were adopted by the General Assembly of the United Nations in 1950, provided for the protection of refugees. These also set out criteria for voluntary repatriation, local settlement in the country of asylum and resettlement in third countries. Repatriation, settlement and resettlement were thought of as durable solutions that the international community should pursue. This institutional framework has evolved with the passage of time in response to changes in the nature and the dimensions of the refugee problem. The original object was to provide relief and resettlement. Relief provided a temporary safe haven for refugees, while resettlement meant a recognition that those who had fled from their homes were unlikely to return. The end of the cold war and the geographical spread of the refugee problem have led to emphasis on an old object and the introduction of a new object. The former seeks to encourage voluntary repatriation after conflicts end through economic assistance for reconstruction and development. The latter seeks to address the root causes of the problem in an endeavour to prevent such occurrences. The refugee problem, of course, is a subject in itself which is beyond the scope of this paper.[48] For the cross-border movement of people other than refugees, however, there are no international institutions or rules, let alone governance. Such cross-border movements are governed entirely by national immigration laws and consular practices.

In this context, the 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 neoclassical sense, as much as international capital movements, when workers move to where they are more productive. 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 optimizing resource allocation and maximizing 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. 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).[49] 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.[50] 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, in so far as the citizenship of industrialized countries is the modern equivalent of feudal privilege, such freedom of movement would reduce international economic inequalities.[51] 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 recognizes 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 the feasible. 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.[52] 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 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. What is more, this cannot reduce the emerging needs for labour imports in the rich industrialized countries or even in the middle income industrializing countries.

International migration is a reality. It cannot be wished away. Thus, the almost complete absence of international institutions, or rules, that govern the cross-border movement of people is a cause for concern. And it is essential to reflect upon this need which has grown with the passage of time. As we enter the twenty-first century, it is necessary to highlight two dimensions of governance needs in this sphere. First, we have to think of the actual migrants so as to ensure rights and to eliminate abuse in their countries of residence after they have moved. Second, we have to think of the potential migrants before they have moved so that the cross-border movement of people is governed at least in part by transparent and uniform multilateral rules rather than by diverse national laws and non-transparent consular practices alone. Consider each of these in turn.

Among the actual migrants, it is necessary to make a distinction between legal immigrants and illegal immigrants. There are some similarities in the problems faced by them. But there are also important differences. 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. Thus, the institutional solutions would need to be somewhat different.

There are some genuine causes for concern even about the working and living conditions of legal migrants.[53] In the industrialized countries, the problems of immigrant workers are accentuated by: (i) high levels of unemployment among unskilled workers; (ii) flexibility in labour markets with much weaker trade unions; and (iii) 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: (i) the distinctly inferior status of contract workers who have no legal claim to permanent settlement, let alone citizenship; (ii) rudimentary or minimal systems of social protection; and (iii) 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.[54] 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.[55] And it is possible that such labour flows may increase in the future. Yet, the plight of illegal immigrants, 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, which 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 organized 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. In this task, there is a critical institutional role for the ILO.

For the 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. Labour flows in these categories have increased significantly during the last quarter of the twentieth century and are likely to increase further during the first quarter of the twenty-first century. Thus, it has become necessary to develop some rules or institutions that would govern such flows. 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. It is, inevitably, a unilateral act on the part of labour-importing countries, as and when the need arises, influenced by employers or firms interested in importing such workers on a temporary or seasonal basis. For professionals, as we have seen, there are almost no barriers to entry. But for other service providers, who do not have the high skills or the professional qualifications, the cross-border movement of people is largely subject to discretionary regimes. It is not an integral part of the multilateral framework of the General Agreement on Trade in Services. It is often based on an *ad hoc* modification of consular practices to grant visas more easily, say, for 'body-shopping'. Once again, it is a unilateral act on the part of labour-importing countries, in response to pressures from employers without any commitment to, or assurance of continuation. 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.

The preceding discussion suggests that the issues and problems associated with labour flows across borders cannot be addressed by single countries acting in isolation or on an unilateral basis. There is a clear need for a dialogue between countries where there are outflows or inflows of labour from or to each other. The dialogue could begin on a bilateral or plurilateral basis, for labour flows are unevenly distributed in geographical space and are shaped by links between countries of origin and destination. But it should extend to the regional level, where such labour flows are essentially intraregional, as also to the global level, for a significant proportion of labour flows is interregional. It should, perhaps, begin with an exchange of information on surpluses and shortages between labour-exporting and labour-importing countries, which might ultimately provide the basis for the creation of an International Labour Exchange. It should seek to develop a coordination of policies among labour-exporting countries. It should endeavour to create some harmonization of policies among labour-importing countries. It should work towards a regime of discipline to be imposed on intermediaries. It should build a system for the regulation of international 'public bads'.

The fundamental objective of such a dialogue, which would be a preparatory process, should be to work towards a new institutional framework that would govern labour flows across national boundaries. At one level, this means rules for those who are already migrants, possibly through a strengthening of ILO conventions on the rights of migrants, with some provision for national obligations to create enforcement mechanisms. At another level, this means a transparent and uniform system, based on rules rather than discretion, for those who may wish to move across borders. To begin with, regional arrangements such as the EU, which build on other forms of economic integration, could yield feasible solutions. But regional arrangements are difficult to replicate and do not always constitute building blocks. Sooner rather than later, therefore, it is worth contemplating a multilateral framework for immigration laws and consular practices that govern 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 somewhat 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. Indeed, suggesting international rules or an international institution, say a world financial authority, to regulate or govern international financial flows would have sounded just as implausible even a decade earlier.

APPENDIX

INTERNATIONAL LABOUR MOVEMENTS: WHAT CAN WE LEARN FROM ECONOMIC THEORY?

The orthodox theory of international trade, both positive and normative, is mostly about the movement of goods, and not very much about the movement of capital or labour, across national boundaries. In so far as it is concerned with international factor movements, the focus is on capital mobility so that labour mobility is, at best, a corollary. All the same, as a starting point, it is worth examining the relationship between international trade and international labour movements from this perspective.

The Heckscher-Ohlin-Samuelson formulation of comparative advantage, which seeks to explain the pattern of trade between countries in terms of differences in factor endowments, suggests that international trade in goods and international factor movements are substitutes for each other. The underlying logic is straightforward. In the conventional two-country two-commodity two-factor model, export of the labour-intensive good by the labour-abundant country constitutes an implicit export of labour, while export of the capital-intensive good by the capital-abundant country constitutes an implicit export of capital. If, instead of goods, it is factors of production that move across countries, from where they are relatively abundant to where they are relatively scarce, the basis for trade in goods would narrow and vanish over time. Indeed, the factor-price-equalization theorem, which assumes free trade in commodities but no mobility of factors, suggests that international trade in goods and international factor movements are perfect substitutes for each other (Samuelson 1948). In such a world, the movement of capital from rich to poor countries and the movement of labour from poor to rich countries should erode the basis for trade but strengthen the tendency towards an equalization of factor prices.

This proposition was validated by the earliest theoretical analysis of the relationship between international trade and capital mobility (Mundell 1957). Given the assumptions of the Heckscher-Ohlin framework, Mundell examined the consequences of a tariff on imports of the capital-intensive good in the labour-abundant country, which raises the real wage of capital, the scarce factor. Capital mobility would then progressively reduce commodity trade. The model suggests that impediments to trade stimulate factor mobility, but it is plausible to reverse the causation and argue that factor mobility dampens trade flows.

The conclusion is not surprising. International trade in goods and movement of factors would tend to be substitutes for each other, if differences in factor endowments are the basis for trade. However, if international trade is attributable to other structural differences between economies, it is possible that trade in goods and movement of factors between countries may be complements rather than substitutes for each other.

Subsequent theoretical developments did move in this direction. Kemp (1966) and Jones (1967) dropped the assumption of identical production functions, or technologies, across countries but retained the Heckscher-Ohlin framework to examine the impact of capital mobility on international trade, where countries are simultaneously engaged in cross-border trade and investment. In this Ricardian setting, their conclusion is that international capital movements may complement, rather than substitute for, trade in goods. In the same mode, Purvis (1972) went on to argue that if technologies differ between countries, the possibility of international capital movements may enlarge and not diminish the volume of trade.

Attempts to explain the observed pattern of trade between countries with similar, or dissimilar, factor endowments developed theoretical understanding further. The technological gap theories of trade, associated with the work of Posner (1961) and Hufbauer (1966), sought to focus on differences in technology between countries as a source of trade. The product cycle theories of trade, associated with the work of Vernon (1966) and Hirsch (1967) sought to focus on differences in wages between countries as a source of trade. The synthesis of the two approaches, which emphasized scale economies and product differentiation in the analysis, came to the conclusion that international trade and international investment complement each other. Thus, in a world where there are differences in technology and differences in wages between countries, international trade stimulates cross-border investment just as international investment enhances cross-border trade flows.

The complementarity between trade and investment in these models provides an explanation for the phenomenal, simultaneous, expansion of international trade in goods and international capital movements during the past three decades. The theory followed the reality, in so far as it was difficult to explain the changing patterns of trade and the increasing capital mobility, observed in the world economy, in terms of the Heckscher-Ohlin-Samuelson formulations.

In sharp contrast, the theoretical literature on the relationship between international trade and international labour movements has remained sparse. The theorizing on factor movements and national advantage, where capital mobility is the theorem and labour mobility is the corollary, addresses two basic questions. First, is there a difference between private and social costs or benefits, or, do the interests of migrant labour and labour-exporting countries coincide? This issue is discussed by Grubel and Scott (1966), Johnson (1967) and Berry and Soligo (1969). Second, what is the distribution of gains between labour-exporting and labour-importing countries? This issue is discussed by Ramaswami (1968) and Bhagwati (1979). There is, however, no analysis of the relationship between migration and trade, just as there is no examination of the factors underlying international labour movements. Simple extensions of intranational rural-urban migration models, such as that of Todaro (1969), in terms of differences in wages and employment probabilities, are obviously inadequate. It is not surprising, then, that the determinants of the timing, the duration and the volume of international labour movements remain unexplored.

It is not as if there is a basis for this neglect either in theory or in reality. The treatise of Ohlin (1933), which provides the analytical foundations of orthodox trade theory, discusses not only international trade in commodities but also international factor movements, whether capital or labour. Indeed, Ohlin recognized the relationship between labour mobility and trade flows in citing the example of French Huguenots who moved to Germany and Holland during the seventeenth century to set up textile production which squeezed French textile exports. Later history provides an altogether different example. The abolition of slavery in the British Empire led to the migration of people from India as indentured labour for mines and plantations in South East Asia, Southern Africa and the Caribbean during the nineteenth century, which, together with the movement of capital from Britain, stimulated international trade flows that were based on natural resources or climatic conditions. The twentieth century has also witnessed a movement of labour from surplus-labour countries to labour-scarce countries, which may have been stimulated by colonial or post-colonial ties embedded in language or culture, and the dimensions are by no means insignificant. Thus, historical experience suggests that there is perhaps a relationship between international trade and international migration, whether as substitutes or as complements.

An important question arises. Why is there such a mismatch, or an asymmetry, between theoretical constructs and historical experience? In my judgement, it has much to do with the observed reality in the world economy during the second half of the twentieth century. There has been a rapid liberalization of trade in goods associated with a progressive dismantling of restrictions on the movement of capital across borders. But, as boundaries between nation states have become sharper, restrictions on the movement of labour have not only continued but also intensified. Thus, economists have tended to assume that international labour movements are determined primarily by non-economic factors. Consequently, economic theory has sought to analyse the effects of the observed labour mobility on international trade, but not attempted to analyse the causes of labour mobility. It is no surprise that the interactive causation between international trade and cross-border labour flows, which may run in both directions, remains unexplored.

Given the complexity of historical experience, it is obviously difficult to generalize and to theorize. A complete or systematic analysis is, in any case, beyond the scope of this appendix. In the context of the contemporary world, however, it is plausible to hypothesize, as follows, about the relationship between the movement of goods and the movement of factors between countries. International trade in goods and international capital movements are now mostly complementary to each other, for reasons explored in the theoretical literature, particularly differences in technologies and wages between countries. The internationalization of production combined with the integration of international capital markets, which is reflected in an increase in the share of world trade in world output as also an increase in the share of intra-firm trade in world trade, has reinforced this process. In contrast, international trade in goods and international labour movements are now mostly substitutes for each other, because, given immigration laws and consular practices, capital-abundant countries which are labour scarce prefer to export capital and employ cheap labour abroad, or simply import goods that embody the cheap labour, rather than import labour. But this simple theorizing cannot capture the complexity of reality.

There is, for example, an emerging complementarity between international trade in services and international labour movements, which must be recognized. Trade in services is a phenomenon that has gathered momentum in the recent past, but is in its early stages despite the internationalization of production and because of the lack of integration in international labour markets. The labour mobility associated with international trade in services takes the form of a temporary cross-border movement of people.

At an analytical level, trade in services can be defined as international transactions in services between the residents of one country and the residents of another country irrespective of where the transaction takes place. International trade in services, so defined, can be divided into four categories: those in which the producer moves to the consumer, those in which the consumer moves to the producer, those in which either the producer or the consumer moves to the other, and those in which neither the producer nor the consumer move to each other (Nayyar 1988). In the last category, where a service can be disembodied from the producer and transported to the consumer in much the same way as a good, international trade in services is no different from international trade in goods. The first three categories, however, derive from the characteristics of services as distinct from goods. For one, the production of a service and its consumption are simultaneous and, as a rule, services cannot be stored (Hill 1977). For another, the producer and the consumer must interact with each other for which physical proximity is essential if the international service transaction is to take place. Therefore, unlike goods or disembodied services, which can be shipped or transported from one country to another, most services have to be executed and delivered on the spot. It follows that cross-border movements of capital and labour are not just complements to but constitute an integral part of international trade in services.

Labour mobility is essential for trade in services whenever the producer must move to the consumer to deliver the service. The temporary migration of unskilled, semiskilled or skilled workers, in manual or clerical occupations, from poor countries to rich countries, may be necessary to deliver labour-intensive services. The temporary migration of persons with professional expertise, technical qualifications or managerial talents, from rich countries to poor countries, may be necessary to deliver capital-intensive or technology-intensive services. In either case, the temporary movement of labour across national boundaries represents a situation where the producer of a service moves to its consumer. Elsewhere, I have argued that production and consumption of the service are then both located in the importing country (Nayyar 1989). The service is provided by a non-resident producer to a resident consumer, for which the former receives payment and returns home after a specified duration. The payment, presumably made out of the income of the consumer, may or may not cross borders in its entirely after the transaction, but the producer crosses national boundaries before and after. The movement of non-resident producers in such international transactions is characterized by a specificity of purpose and a limited duration. In situations where a non-resident producer becomes a resident foreigner, so that the duration is unlimited, transactions with resident consumers are no longer trade because the relocation of production on a quasi-permanent basis, or in perpetuity, becomes a substitute for trade in services. In theory, it follows that the moment a non-resident producer ceases to be non-resident and becomes resident, trade ends and migration or investment begins. In practice, of course, it is far more difficult to make a clear distinction between international trade in services and international migration or international investment, simply because trade and factor movements are closely intertwined in the realm of services.

NOTES

[1] See Tinker (1974) and Lewis (1977).

[2] Cf. Lewis (1978).

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

[4] The political economy of immigration restriction in the United States, as it evolved in the period from 1890 to 1921, is analysed at some length by Goldin (1994). It is worth noting that restrictive immigration legislation almost became law in 1897. But shifting political interests and favourable economic times kept the door open for two decades. Yet, a regime change, many economic historians believe, was almost inevitable. And it was only a matter of time before some exogenous force triggered a change that would close the door. In fact, the era of open immigration to the United States came to an abrupt end with the final passage of the Literacy Test in February 1917. The next step was the passage of the Emergency Quota Act in May 1921, which introduced a quota system that was to last, virtually unchanged, until 1965. It has been argued that changes in immigration policies in the United States and Canada, prior to the 1930s, were shaped by long-run fundamentals rather than short-term influences (Timmer and Williamson 1998). Thus, governments sought to protect the economic position of unskilled workers, with whom the immigrants competed, and to stop any absolute decline in their wages. The increase in income disparities between skilled and unskilled workers in these economies, during the late nineteenth and early twentieth centuries, accentuated political pressures and compounded social sensitivities.

[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 (1994a). During much of this period, even in the United States, more than half the immigrants were of European origin. The Immigration and Nationality Act of 1952 eliminated previous racial exclusions, but it

retained the national origins formula which allocated visas according to quotas based on nationalities already represented in the United States population.

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 These changes in immigration policies are described in UN (1998). Evidence available for the period 1986-1996 also shows that the proportion of foreign or foreign-born population in the total population in most countries of Western Europe was remarkably stable. See OECD (1998: 224). Even in countries, such as Germany, where it rose modestly, it was probably attributable to the slower growth in the native population rather than to more immigration. It is worth noting, however, that the disintegration of the former Soviet Union and the opening of borders in Eastern Europe has increased pressures for migration to Western Europe, particularly from refugees.

8 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. Consequently, in the stock of foreign-born population in the United States, the proportion of European immigrants fell from 32.2 per cent in 1970 to 19.7 per cent in 1980 and 11.7 per cent in 1990, while the proportion of Asian immigrants rose from 5.2 per cent in 1970 to 10.8 per cent in 1980 and 15.2 per cent in 1990. These proportions have been calculated from OECD (1998: 249). 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.

9 The primary sources of data are immigration statistics published by the United States and Canada. For the period 1970 to 1990, see Nayyar (1994a). For the period 1991 to 1995, see OECD (1998).

10 If anything, the problem intensified during the 1990s as there was a dramatic increase in the absolute numbers of asylum seekers in OECD countries. Between 1987 and 1996, for example, the inflow of asylum seekers rose from 26,100 to 128,200 in the United States, from 57,400 to 116,400 in Germany, from 5,900 to 41,500 in the United Kingdom (OECD 1998: 223).

11 For evidence on, and a discussion of, the refugee problem, see Bohning and Schloeter-Paredes (1994) and Stalker (1994).

12 Cf. Stalker (1994).

13 See Amjad (1989) and Abella (1994).

[14] In this context, it is worth noting that in the United States the annual inflow of temporary workers far exceeded the annual inflow of permanent settlers throughout the period 1986-96. For instance, in 1986, the inflow of temporary workers was 85400 as compared with an inflow of 56,600 permanent settlers. Similarly, in 1996, the inflow of temporary workers was 254,400 as compared with an inflow of 117,500 permanent settlers (OECD 1998: 226).

[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 reported in Stalker (1994). See also, UN (1998).

[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 (1994a).

[20] Cf. Kuznets (1966).

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

[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] The significance of such cross-border movements of people is borne out by available evidence. Even in 1990, two decades after these migrant flows tapered-off, Indians constituted 9 per cent of the total stock of foreign population in the United Kingdom, preceded by the Irish and followed by Americans (OECD 1998: 256). Similarly, in 1990, Algerians and Moroccans together constituted 33 per cent of the total stock of foreign population in France (OECD 1998: 251). And, it is no surprise that, in 1990, Indonesians constituted the largest proportion, 15 per cent, of the total foreign-born population in the Netherlands (OECD 1998: 247).

[25] Evidence available from the United States Census shows that Mexicans constituted the largest proportion, 15.6 per cent in 1980 and 21.7 per cent in 1990, of the total foreign-born population in the United States (OECD 1998: 249). The importance of geographical proximity as an underlying factor is also borne out by the fact that, in 1990, Irish workers constituted 30 per cent of the total stock of the foreign labour force in the United Kingdom. The latter, of course, is also strongly influenced by historical ties, a common language and, more recently, the European Union which provides complete freedom for labour mobility between member-countries.

[26] Data on inflows of foreign population to Germany, for the period 1986-1996 when such migration was not as large as earlier, suggest that Turkey ranked second in importance as a country-of-origin (OECD 1998: 231). And, in 1990, Turkish workers constituted as much as 33 per cent of the total stock of foreign labour in Germany (OECD 1998: 266). There is a similar story, albeit on a much smaller scale, about Indians in the United States. In 1970, Indians constituted only 0.5 per cent of the total foreign-born population in the United States but, by 1990, this proportion was 2.3 per cent (OECD 1998: 249).

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

[28] The economic implications and consequences of international migration are discussed, at length, in Nayyar (1994a). The literature on the brain drain is not recent but is extensive. See, for example, Sen (1973), UNCTAD (1975) and Bhagwati (1976).

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

[30] During the period 1990-95, the annual average inflows of foreign population into selected OECD countries were as follows: United States (1,128,000), Germany (920,000), Japan (239,000), Canada (232,000), Australia (97,000) and France (92,000). The total inflows were 3.1 million people per annum. Of these, 2 million people per annum came from developing countries, 0.5 million people per annum came from transition economies and 0.6 million people per annum came from OECD countries. These figures for average annual flows have been calculated from the data in OECD (1997) and OECD (1998).

[31] For the data on remittances, see World Bank (1995) and UNDP (1999). For the data on direct investment and portfolio investment, see UNCTAD (1998).

[32] Cf. Nayyar (2000).

[33] See World Bank (1995).

[34] See, for example, Sachs and Warner (1995).

[35] The implications of globalization for development, as also this issue, are discussed at some length in Nayyar (1997) and Nayyar (2000).

36 It is difficult to find conclusive evidence that would validate or refute such hypotheses. In his work, however, Wood (1994) provides evidence to show that competition from the developing world, in the form of trade has led to dislocation in the industrialized countries in low skill manufacturing activities. He also makes an attempt to assess how much of labour-saving technical progress in the industrialized world was a response to competition from developing country trade. But this sort of analysis invariably ignores the possibility that unemployment is attributable to a lack of effective demand. What is more, such an approach does not sufficiently recognize the impact of macroeconomic policies and the nature of technical progress on employment levels in the industrialized economies.

37 For a more detailed discussion, see Nayyar (1996) and Nayyar (1997).

38 For evidence in support of this proposition, see UNCTAD (1997) and UNDP (1999).

39 See Lee (1998).

40 For a discussion on these mechanisms, see Nayyar (2000). See also Lee (1998).

41 Cf. Streeten (1996), who draws up a balance sheet of globalization based on a rough approximation of what is good and what is bad.

42 It has been argued by Timmer and Williamson (1998) that the increase in economic inequalities in the industrialized countries, experienced since the early 1970s, manifested especially by a rising income gap between unskilled and skilled workers, is bound to create pressures in the United States and Europe to reduce inflows of migrants, just as it did in the New World economies in the late nineteenth century.

43 The literature on migration to the Middle East and the East Asian economies suggests that such imports of labour are often necessitated by shortages of labour in certain sectors or occupations where employment is dirty, demanding or dangerous. These are described as '3D jobs' which nationals or citizens are unwilling to do and are taken up by migrant workers. See Amjad (1996). Much the same is true in the industrialized countries particularly in sectors or occupations that employ illegal immigrants.

44 These comparisons are in terms of 1990 US dollars. For details of the evidence cited here, see UNDP (1999: 30).

45 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).

46 See Bhagwati and Rao (1996).

47 Simulations of population scenarios suggest that large scale labour imports, much greater than immigrant inflows in the recent past, would be required to compensate entirely for the impact of the ageing process on the working population in OECD countries. There are some projections of old-age-dependency ratios (ODR), defined as

the ratio of persons aged 65 years or more to persons in the age-group 15 to 64 years and expressed as a percentage, in OECD countries for 2010 and 2020, based on the medium-variant projections in United Nations, *World Population Prospects, 1996*. These show that the ODR would register a significant increase, everywhere, between 2010 and 2020. It is possible to estimate the number of additional persons of working age required for the ODR in 2020 to remain unchanged at the 2010 level. Such a calculation shows that, in the United States, an additional 66 million people of working age would be required in 2020 for the ODR to remain unchanged at its 2010 level. This number is 11.5 times the actual net migration of 5.8 million people into the United States during the ten year period from 1985 to 1995. The striking conclusion is that, even if migration were used only to increase the working age population, the immigration needed to keep the ODR unchanged between 2010 and 2020 would be several times the immigration levels in the recent past. This multiple works out at 17.4 for France, 10.6 for the United Kingdom, 7.9 for Italy and so on. For Japan, it is estimated that an additional 22 million people of working age would be required in 2020, for the ODR to remain at its 2010 level, compared with a net migration that was negative during the period from 1985 to 1995! The projections and estimates cited in this note are obtained from OECD (1998: 29).

[48] There is an extensive literature on the refugee problem. See, for example, Widgren (1993). See also Bohning and Schloeter-Paredes (1994).

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

[50] Cf. Lee (1998).

[51] See Carens (1996).

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

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

[54] 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.

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

REFERENCES

Abella, M. (1994). International Migration in the Middle East: Patterns and Implications for Sending Countries', in *International Migration: Regional Processes and Responses*. Geneva: UN Economic Commission for Europe.

Amjad, Rashid (1989). *To the Gulf and Back: Studies on the Economic Impact of Asian Labour Migration.* New Delhi: ILO-ARTEP.

Amjad, Rashid (1996). 'International Labour Migration and its Implications in the APEC Region'. *Journal of Philippine Development*, 23: 45-78.

Berry, R. A. and R. Soligo (1969). 'Some Welfare Effects of International Migration'. *Journal of Political Economy*, 77: 778-94.

Bhagwati, Jagdish (ed.) (1976). *The Brain Drain and Taxation: Theory and Empirical Analysis*. Amsterdam: North Holland.

Bhagwati, J. (1979). 'International Factor Movements and National Advantage'. *Indian Economic Review*, 73-100.

Bhagwati, Jagdish and M. Rao (1996). 'The US Brain Gain: At the Expense of Blacks?'. *Challenge*, March.

Bohning, W. R. and M. L. Schloeter-Paredes (eds.) (1994). *Aid in Place of Migration?*. Geneva: International Labour Office.

Carens, J. H. (1996). 'Aliens and Citizens: The Case for Open Borders', in R. Cohen (ed.), *Theories of Migration*. Cheltenham: Edward Elgar.

Goldin, Claudia (1994). 'The Political Economy of Immigration Restriction in the United States, 1890 to 1921', in Gary Libecap and Claudia Goldin (eds.), *The Regulated Economy: A Historical Approach to Political Economy*. Chicago: University of Chicago Press.

Grubel, H. G. and A. D. Scott (1966). 'The International Flow of Human Capital'. *American Economic Review*, 268-74.

Hirsch, S. (1967). *Location of Industry and International Competitiveness*. Oxford: Clarendon Press.

Hufbauer, G. C. (1966). *Synthetic Materials and the Theory of International Trade.* London: Duckworth.

Johnson, H. G. (1967). 'Some Aspects of the Brain Drain'. *Pakistan Development Review*, 379-411.

Jones, R. W. (1967). 'International Capital Movements and the Theory of Tariffs and Trade'. *Quarterly Journal of Economics*, 1-38.

Kemp, M. C. (1966). 'The Gain from International Trade and Investment: A Neo-Heckscher-Ohlin Approach'. *American Economic Review*, 788-809.

Krugman, Paul and Jagdish Bhagwati (1976). 'The Decision to Migrate: A Survey', in J. Bhagwati (ed.), *The Brain Drain and Taxation*. Amsterdam: North Holland.

Kuznets, Simon (1966). *Modern Economic Growth: Rate, Structure and Spread*. New Haven: Yale University Press.

Lee, E. (1998). 'The Migrant in an Era of Globalization'. Paper presented at the World Congress on the Pastoral Care of Migrants and Refugees, 5-10 October. Vatican City. Mimeo.

Lewis, William A. (1977). *The Evolution of the International Economic Order*. Princeton: Princeton University Press.

Lewis, William A. (1978). *Growth and Fluctuations: 1870-1913*. London: Allen and Unwin.

Massey, D. (1988). 'Economic Development and International Migration in Comparative Perspective'. *Population and Development Review*, 14 (2).

Mundell, R. A. (1957). 'International Trade and Factor Mobility'. *American Economic Review*, 321-35.

Nayyar, D. (1988). 'The Political Economy of International Trade in Services'. *Cambridge Journal of Economics*, 12 (2): 279-98.

Nayyar, D. (1989). 'Towards a Possible Multilateral Framework for Trade in Services: Some Issues and Concepts', in *Technology, Trade Policy and the Uruguay Round*. New York: United Nations.

Nayyar, D. (1994a). *Migration, Remittances and Capital Flows*. Delhi: Oxford University Press.

Nayyar, D. (1994b). 'International Labour Movements, Trade Flows and Migration Transitions: A Theoretical Perspective'. *Asian and Pacific Migration Journal*, 3: 31-47.

Nayyar, D. (1995). 'Globalization: The Past in Our Present'. Presidential Address to the Indian Economic Association, 28 December. Chandigarh. (Reprinted in *Indian Economic Journal*, 43 (3): 1-18).

Nayyar, D. (1996). 'Free Trade: Why, When and For Whom?'. *Banca Nazionale del Lavoro Quarterly Review*, 49 (198): 333-50.

Nayyar, D. (1997). 'Themes in Trade and Industrialization', in D. Nayyar (ed.), *Trade and Industrialization*. Delhi: Oxford University Press.

Nayyar, D. (2000). 'Globalization and Development Strategies'. *High-Level Round on Trade and Development at UNCTAD X*. TD X/RT.1/4. New York and Geneva: United Nations.

OECD (1997). *SOPEMI: International Migration Statistics,* 1997 edition (available on diskette). Paris: OECD.

OECD (1998). *SOPEMI: Trends in International Migration: Continuous Reporting System on Migration, Annual Report 1998*. Paris: OECD.

Ohlin, B. (1933). *Interregional and International Trade*. Cambridge, MA: Harvard University Press.

Paine, Suzanne (1974). *Exporting Workers: The Turkish Case.* Cambridge: Cambridge University Press.

Piore, Michael J. (1979). *Birds of Passage: Migrant Labor in Industrial Societies.* Cambridge: Cambridge University Press.

Posner, M. V. (1961). 'International Trade and Technical Change'. *Oxford Economic Papers*, 323-41.

Purvis, D. D. (1972). 'Technology, Trade and Factor Mobility'. *Economic Journal*, 991-9.

Ramaswami, V. K. (1968). 'International Factor Movements and the National Advantage'. *Economica*, 309-10.

Sachs, Jeffrey and A. Warner (1995). 'Economic Reform and the Process of Global Integration'. *Brookings Papers on Economic Activity,* No. 1.

Samuelson, P. A. (1948). 'International Trade and the Equalisation of Factor Prices'. *Economic Journal*, 163-84.

Sen, Amartya K. (1973). 'Brain Drain: Causes and Effects', in B. R. Williams (ed.), *Science and Technology in Economic Growth*. London: Macmillan.

Stalker, Paul (1994). *The Work of Strangers: A Survey of International Labour Migration.* Geneva: ILO.

Stark, Oded (1991). *The Migration of Labor*. Oxford: Basil Blackwell.

Streeten, P. P. (1996). 'Governance of the Global Economy'. Paper presented at a conference on Globalization and Citizenship, 9-11 December. Geneva: UNRISD. Mimeo.

Timmer, A. S. and J. S. Williamson (1998). 'Immigration Policy prior to the 1930s: Labour Markets, Policy Interaction and Globalization Backlash'. *Population and Development Review*, 24 (2): 739-71.

Tinker, Hugh (1974). *A New System of Slavery: The Export of Indian Labor Overseas*: *1830-1920.* Oxford: Oxford University Press.

Todaro, M. P. (1969). 'A Model of Labour Migration and Urban Unemployment in Less Developed Countries'. *American Economic Review*, 138-48.

UNCTAD (1975). *The Reverse Transfer of Technology: Economic Effects of the Outflow of Trained Personnel from Developing Countries*. New York and Geneva: United Nations.

UNCTAD (1994). *World Investment Report 1994*. New York and Geneva: United Nations.

UNCTAD (1997). *Trade and Development Report 1997*. New York and Geneva: United Nations.

UNCTAD (1998). *World Investment Report 1998.* New York and Geneva: United Nations.

UNDP (1999). *Human Development Report 1999*. New York: Oxford University Press.

United Nations (1998). *International Migration Policies.* New York: United Nations.

Vernon, R. (1966). 'International Trade and International Investment in the Product Cycle'. *Quarterly Journal of Economics*, 190-207.

Widgren, J. (1993). 'Movements of Refugees and Asylum Seekers', in *The Changing Course of International Migration*. Paris: OECD.

Wood, Adrian (1994). *North-South Trade, Employment and Inequality*. Oxford: Clarendon Press.

World Bank (1995). *World Development Report 1995: Workers in an Integrating World.* New York: Oxford University Press.